TSIL/SE/2018-19/12

June 27, 2018

Dy. General Manager
BSE Limited
Corporate Relationship Department
P. J. Towers
Dalal Street
Mumbai – 400 001

The Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza (5th Floor)
C/1, Block G
Bandra-Kurla Complex
Bandra (E)
Mumbai – 400 051

Dear Sir/Madam,

Sub: Notice of the 35th Annual General Meeting and Annual Report 2017-18

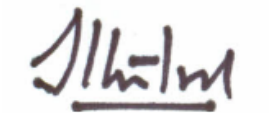
Please find enclosed herewith Notice of the 35th Annual General Meeting of the Company scheduled to be held on Wednesday, July 18, 2018, at 10:30 a.m. at Lake View Officers Recreation Centre, TSIL Township, Joda, Dist – Keonjhar, Odisha – 758 034.

Also enclosed herewith the Annual Report of the Company for 2017-18.

This is for your kind information and records.

Thanking you,

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

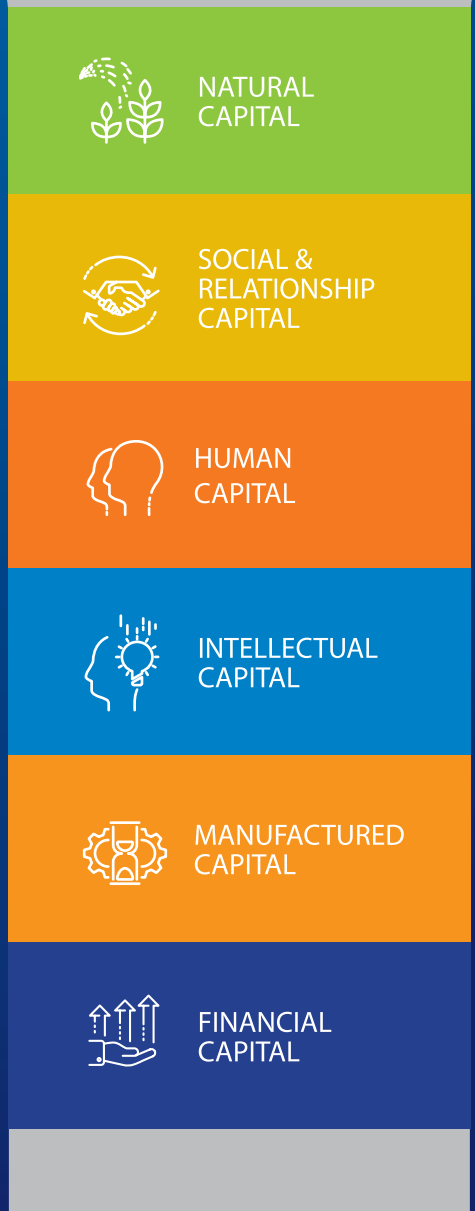


Sanjay Kasture
Chief Risk & Compliance Officer
and Company Secretary

TATA SPONGE IRON LIMITED

TATA

Outperforming with commitment



35th ANNUAL REPORT
2017 - 18

LEADERSHIP WITH TRUST
SINCE 1868

₹ 656,973 CRORE REVENUE

600 MILLION+ CONSUMERS

In a free enterprise,
the community is not just another
stakeholder in business, but is in fact
the very purpose of its existence.
- Jamsetji Tata



695,699 EMPLOYEES

₹ 27,346 CRORE PROFIT AFTER TAX

3.98 MILLION SHAREHOLDERS

150+ COUNTRIES

66% OF PARENT COMPANY TATA SONS' EQUITY SHARE CAPITAL HELD BY PHILANTHROPIC TRUSTS

150 YEARS

The figures are aggregated for Tata companies for the financial year ended 31.03.2017.

From pioneering businesses, to pioneering welfare practices,
to pioneering national institutions,
the Tata Group remains committed to improving the lives of communities
we serve globally, based on leadership with trust.

Picture (left to right): The four partners - Jamsetji Tata, Founder of the Tata Group; R. D. Tata, father of J. R. D. Tata; Sir Ratan Tata, younger son of the Founder; and Sir Dorabji Tata, elder son of the Founder.

tata150.com

Approach

The Annual Report 2017-18 is aimed at meeting the information requirements of all our stakeholders to help them make informed decisions regarding Tata Sponge Iron Limited. It informs all our stakeholders, including shareholders, customers, suppliers, employees, contractors, competitors, press, analysts, Government and others, about the Company's value creation process. It represents relevant information on the Company's performance, in a balanced and concise manner.

STANDARDS AND FRAMEWORK

Through this Report, we have attempted to enhance our disclosures and have created the content elements in the non-statutory section of the Report, following some of the guiding principles of the International Integrated Reporting Council (IIRC) recommended International Integrated Reporting <IR> Framework. The other statutory reports, including the Director's Report, Management Discussion and Analysis Report (MDA) and the Corporate Governance Report are as per the Companies Act, 2013 (including the rules thereunder), Securities Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards issued by the Institute of Company Secretaries of India.

SCOPE AND BOUNDARY OF THE REPORT

The reported information for the FY 2017-18, covers the Company's manufacturing operations at P.O. Joda, District Keonjhar, Odisha - 758 034. Comparative figures for the preceding five years have been incorporated in the Report to provide a holistic view to the stakeholders.

Index

CORPORATE OVERVIEW

04 Introducing Tata Sponge
06 Business Model
08 Strategic Priorities
10 Chairman's Message
12 Sustainability
16 Financial Capital
18 Manufactured Capital
22 Intellectual Capital
24 Human Capital
28 Social and Relationship Capital
32 Natural Capital
36 Risk Governance
40 Board of Directors

STATUTORY REPORTS

42 Notice
51 Directors' Report
79 Management Discussion and Analysis Report
84 Report on Corporate Governance

FINANCIAL STATEMENTS

Standalone

102 Independent Auditors' Report
108 Balance Sheet
109 Statement of Profit & Loss
110 Statement of Changes in Equity
111 Cash Flow Statement
112 Notes to Accounts

Consolidated

155 Independent Auditors' Report
160 Balance Sheet
161 Statement of Profit & Loss
162 Statement of Changes in Equity
163 Cash Flow Statement
164 Notes to Accounts

for more details visit our website
www.tatasponge.com

KEY HIGHLIGHTS OF FY 2017-18

TURNOVER

Rs. **816.65** Cr

↑ **32.75**%

PROFIT AFTER TAX

Rs. **140.86** Cr

↑ **139.80**%

MARKET CAPITALISATION

Rs. **1,422.50** Cr

↑ **32.11**%

SPONGE IRON PRODUCTION

4.17 Lacs MT

↑ **6.95**%

POWER GENERATION

199 MU

↑ **7.43**%

At Tata Sponge, we believe our commitment eventually helps us stay ahead of the curve. Operating in a largely volatile industry landscape, we have consistently raised the benchmark of our performance and have continually created value for stakeholders.

During FY 2017-18, we continued to raise our operational benchmarks and deliver on the expectations of our stakeholders. We ensured seamless procurement of quality raw materials to produce at higher utilisation levels.

We also focussed on automation to raise efficiency levels and achieved measurable outcomes in the overall operational canvas. At the same time, we enhanced our engagement with customers to address and respond to their changing requirements with speed and precision.

Even as we aspire for new frontiers of growth and opportunity, we continued to work towards the empowerment of the communities where we operate. We believe, aligning our vision with those of our stakeholders is the definite pathway towards corporate sustainability.

FY 2017-18 was a year of outperformance for us in terms of operations, financial metrics and meeting customer expectations. We will continue to embrace new business opportunities, cherish our people and fulfil our social and environmental responsibilities to deliver value sustainably.

Introducing Tata Sponge

Proven mettle drives possibilities

Tata Sponge Iron Limited (Tata Sponge) is among India's largest manufacturers of merchant sponge iron.

View of the Tata Sponge plant at Joda, Odisha



Tata Sponge is a subsidiary of Tata Steel, wherein Tata Steel holds 54.5% shareholding. With sustainable performance for over two decades, Tata Sponge is actively engaged in holistic value creation for all its stakeholders — investors, employees, vendors, customers and communities, among others.

Tata Sponge commenced its journey as IPITATA Sponge Iron Limited in 1982. It was a joint venture between Tata Steel Limited and the Industrial Promotion & Investment Corporation of Orissa Limited (IPICOL) to produce sponge iron, based on the TISCO Direct Reduction (TDR) technology. Later, in 1991, Tata Steel acquired IPICOL's entire stake and Tata Sponge became an associate company of Tata Steel. The Company`s shares are listed on the BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

At Tata Sponge, we produce and market sponge iron, which is a single end use (steel making) and a single grade product. We generate power through Waste Heat Recovery Boilers (WHRB), a non-conventional source of 'green' power, which has helped us shift our dependence on thermal power. We export surplus power to our holding company.

CUSTOMER BASE

As a quality producer of sponge iron – a raw material for steel manufacturing – Tata Sponge supplies to steel producers in the secondary sector. The surplus power generated by us over our consumption is sold to our parent company.

All our customers value the Tata brand name associated with the product and for the end-to-end services provided by the Company.

LOCATIONAL ADVANTAGE

Our manufacturing facility is situated at Bileipada near Joda in the Keonjhar district of Odisha - a state, that has the largest reserves of iron ore in India. The transportation of our raw materials and product dispatch is organised by the roadway and railway networks. We are well connected to eastern India's industrial and commercial hubs such as Jamshedpur (150 km), Rourkela (150 km), Bhubaneswar (270 km) and Kolkata (390 km), among others.

TATA SPONGE'S VISION

Tata Sponge shall endeavour to be a sustainable and learning organisation for setting a benchmark in creating value in the sponge iron business, so as to meet the aspirations of its stakeholders. It shall do so through the pursuit of operational excellence and by adopting opportunities of new investments in its value chain. While doing so, Tata Sponge shall continue to remain a responsible corporate citizen.

TATA SPONGE'S MISSION

Tata Sponge shall always contribute towards the progress of the nation through economic value creation. In doing so, and consistent with the Tata group's purpose, it will also try to improve the quality of life in its sphere of influence, by contributing to society, from what it earns.

TATA SPONGE'S CORE VALUES

PIONEERING
We will be bold and agile, courageously taking on challenges, using deep customer insight to develop innovative solutions.

INTEGRITY
We will be fair, honest, transparent and ethical in our conduct; everything we do must stand the test of public scrutiny.

EXCELLENCE
We will be passionate about achieving the highest standards of quality, always promoting meritocracy.

UNITY
We will invest in our people and partners, enable continuous learning and build caring and collaborative relationships, based on trust and mutual respect.

RESPONSIBILITY
We will integrate environmental and social principles in our businesses, ensuring that what comes from the people goes back to the people many times over.

STATE-OF-THE-ART MANUFACTURING

Tata Sponge operates three kilns with a total installed capacity of 3,90,000 MT/annum of sponge iron using the TDR technology (with Lurgi Modification). We have received an Environmental Clearance for producing more than the installed capacity i.e. up to 4,25,000 MT. We are also engaged in power generation — 26 MW — based on the waste heat recovery technique in two of our power plants.

INSTALLED CAPACITY

SPONGE IRON PRODUCTION

3,90,000 MT

POWER GENERATION

26 MW

KEY CERTIFICATIONS AND RECOGNITIONS

- The Company's shares are elevated to 'Group A' category by BSE Limited
- Accredited with ISO 9002 certification ensuring stringent quality protocol
- Accredited with ISO 14001 certification assuring responsible environmental practices
- Certificated with the OHSAS 18001 certification, ensuring the best-in-class health and safety management system

Business Model

Creating value for stakeholders sustainably

We utilise our key resources

SUSTAINABLY GROWING FINANCIAL RESOURCES
The financial resources used for both capital and operational expenditures are raised from various sources. It also involves redeploying our earnings and managing our reserves. These financial resources form part of our financial capital.

INDUSTRY-LEADING MANUFACTURING ASSETS
Manufacturing assets comprise machines, instruments and production equipment. The manufacturing technology helps convert and process raw materials to produce the end product (sponge iron).

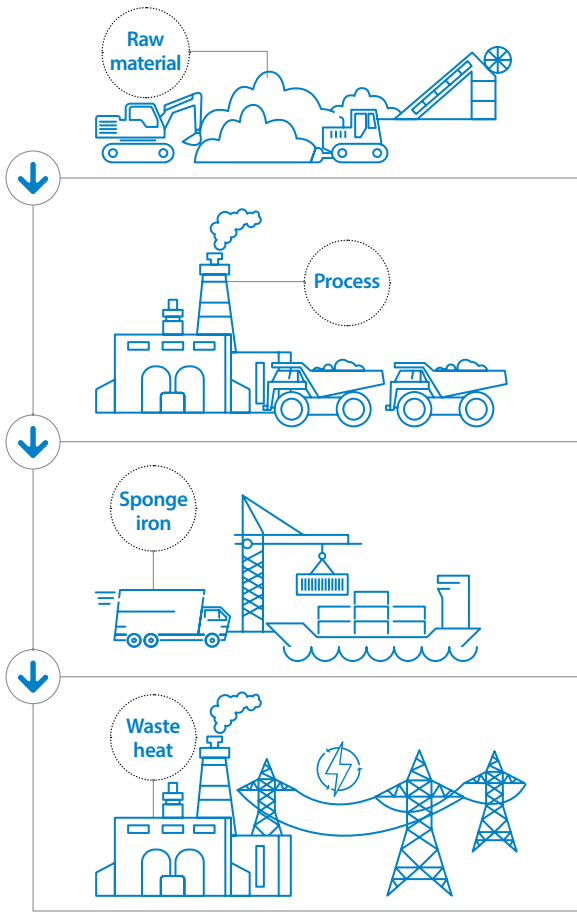
NATURAL RESOURCES
Raw materials are extracted from natural resources; our production process depends on natural resources such as water. Our production process has several impacts on the natural environment including air, water and land.

TALENTED WORKFORCE
Workforce is at the heart of our manufacturing process and their collective experience, skills and knowledge are key inputs to our organisation.

BUSINESS INSIGHTS AND KNOWHOW
Constant innovation and improvements for optimising our production output and customisation are the key determinants of our competitiveness.

HARMONIOUS AND MUTUALLY BENEFITTING RELATIONSHIPS
Growth and competitiveness are based on our long-term relationships with our stakeholders, including vendors and customers. Our social license to operate is based on the harmonious relationship with our neighbouring communities and the value we create for them.

Lead business initiatives



Driven by core strengths

- Raw material (iron ore) security and its proximity
- Consistent product quality
- Fair, transparent and ethical business practices
- Competent, motivated and engaged workforce, resulting in lower attrition

RAW MATERIAL TREATMENT
Sponge iron manufacturing is highly sensitive to raw material characteristics that would help obtain the rated capacity and the desired product quality. The raw materials' chemical and physical properties are tested and optimised individually for each raw material and also in combination.

MANUFACTURING SPONGE IRON BY THE TISCO DIRECT REDUCTION (TDR) PROCESS
The manufacturing operations including the kilns, coolers and Electro-static Precipitators (ESPs) are constantly optimised with improvement projects to maximise yield, minimise losses and optimise the number of available days. With digitisation, the production process ensures greater efficiency without compromising on quality.

EFFICIENT PRODUCT HANDLING AND LOGISTICS
The end product — sponge iron - is screened in size fractions of lump (+3 mm) and fines (0-3 mm). Preserving the quality and ensuring reduced reoxidation, the final product is moved through trucks and railway containers. This also helps in efficient logistics management.

POWER GENERATION WITH WASTE HEAT RECOVERY
Moving much ahead of the environmental regulations of the land, the non-conventional route of power generation using kiln waste heat has been adopted by Tata Sponge, thereby shifting dependence on thermal power completely. The surplus power is exported to our holding company, Tata Steel Limited.

To deliver value for our stakeholders

SHAREHOLDERS
Earnings per share: **Rs. 91**
Dividend payout: **Rs. 20 per share***

CUSTOMERS
Customer satisfaction index: **4.5/5**

EMPLOYEES
Lost Time Injury Frequency Rate (LTIFR): **0**
Employee satisfaction index: **4.8/5**

COMMUNITIES
Number of beneficiaries: **34,000 people**
Corporate Social Responsibility (CSR) spend: **Rs. 180.46 lacs**

*(subject to the approval of shareholders)

Enriched customer relationship management practices	Reliable manufacturing workflow with online information system and data back-up	Infrastructural facilities to support manufacturing and delivery of finished products
Cogeneration of power for own use and sale	Efficient environment and waste management systems	Deep community relationships

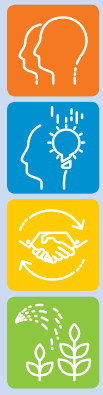
Strategic Priorities

Our roadmap to excellence

All the key functions come together to shape and implement our strategy.

Strategic Framework

Strategic priority area	Key enablers	Capitals deployed	Performance
BUSINESS STRATEGY Sustaining financial performance and continuing focus on growth aspirations.	→ Focus on financial strengthening and deleveraging balance sheet → Minimising operational costs → Contemplating growth options in the value chain		See page 16 in the Financial Capital section
OPERATIONAL STRATEGY Continue being the industry benchmark for capacity utilisation with a strong focus on raw material optimisation, quality and waste minimisation.	→ Breakthrough and incremental changes with focus on minimising losses and debottlenecking processes → Digitisation of operational processes for optimal raw material utilisation, desired quality of output and cost efficiency → Maximising efficiency of logistics		See page 18 in the Manufactured Capital section
MARKET STRATEGY Capitalising on the prospects of infrastructure development in the country along with penetrating deeper in existing markets.	→ Emphasise on customisation and meet customer requirements		See page 04 in the section on Introducing Tata Sponge

Strategic priority area	Key enablers	Capitals deployed	Performance
WORKFORCE STRATEGY To continue inducting new skilled talent in the workforce, while planning for succession of experienced workforce.	→ Recruitment from premium institutes → Further strengthen Company-wide employee engagement initiatives → Training and mentoring across employees and contract workers		See page 24 in the section on Human Capital
CORPORATE RESPONSIBILITY STRATEGY Continue being the industry benchmark for health, safety and environment; and sustain the harmonious relationship with the communities we operate in.	→ Adherence to world-class management standards such as OHSAS 18001 for safety and ISO 14001 for environment → Regular safety training and programmes to drive behavioural change, along with defining management responsibility for safety → Controlling particulate matter emissions, reducing solid waste and minimising waste water disposal → Impactful CSR programmes addressing community needs, with particular emphasis on the needs of the tribal community		See page 24 in the section on Human Capital and page 32 in the section on Natural Capital

Trade-off between capitals: Implementing any strategy will involve inter-dependencies and trade-offs between each of the six capitals, in terms of changes in their availability, quality and affordability. This inter-dependence is also critical to the organisation's ability to create value over time. These inter-dependencies have been explained through the use of icons in the following sections on capitals in the Report.

Chairman's Message

Sustainable progress

We firmly believe that our robust business model and a strong balance sheet enable us to deliver a sustainable long-term value.



"In view of the record profit, the Board is happy to recommend a dividend of Rs. 20 per share for FY 2017-18."

EBIDTA

Rs. **18,272** Lacs

↑ **196.34**%

Dear Shareholders,

I am happy to present before you the 35th Annual Report of Tata Sponge Iron Limited. FY 2017-18 has been a great year as we made records in Production as well as profit. These achievements are particularly significant in the back drop of two major policies undertaken by the Central Government- the demonetisation of higher denomination currencies and the introduction of the Goods and Services Tax (GST). Overcoming the initial hiccups, India's GDP growth rate soon accelerated to 7.2% in Q3, which is the highest rate among the large economies. Buoyed by the economy, the consumption of steel increased, which in turn pushed the demand for sponge iron.

OPERATIONAL AND FINANCIAL ACHIEVEMENTS

In FY 2017-18, the production of sponge iron was a record 4,17,094 MT (3,90,000 MT in FY 2016-17) and so was the generation of power at 199 MU (186 MU in FY 2016-17). The plant operated at 107% of its rated capacity. Higher demand for sponge iron, coupled with increase in production, enhanced the revenue to Rs. 81,664.54 lacs in FY 2017-18, an increase of 32% over last year (Rs. 61,516.07 lacs). Better pricing of sponge iron improved the EBITDA to Rs. 18,272 lacs in FY 2017-18, an increase of 196% over last year (Rs. 6,165.95 lacs). As a result, the net profit was a record Rs. 14,085.71 lacs in FY 2017-18, a jump of 140% over last year (Rs. 5,874.03 lacs).

In view of the record profit, the Board is happy to recommend a dividend of Rs. 20 per share.

SAFETY AND ENVIRONMENT

The Company has continued to set high standards in safety. Improvements in working practices have enabled the Company to achieve Zero Lost Time Injury to people.

Recognitions received by the Company in the area of safety and environment in the FY 2017-18 are as below:

- Recipient of the prestigious Pollution Control Appreciation Award from State Pollution Control Board (SPCB), Odisha under the category – Industry for FY 2016-17.
- Declared Winner in the SHE Award instituted by CII (Eastern Region) for FY 2016-17.

CORPORATE GOVERNANCE

You will be glad to know that your Company has been recognised as a Group-A Company in BSE Limited. This recognition is earned due to good performance in the aspects of market capitalisation, market turnover, corporate governance, compliance and sustainability (responsible investment).

It is heartening to note that in the Tata Business Excellence Model (TBEM) assessment, the Company scored 618/1,000, which is a mark of the Company practicing matured level of excellence in all the dimensions of business management.

CORPORATE SOCIAL RESPONSIBILITY

In our endeavour to improve the quality of life of people living in the surrounding communities, the Company invested Rs. 180.46 lacs in FY 2017-18 towards education, health and sanitation, infrastructure development and empowerment of women.

SUSTAINABLE GROWTH

India has now become the world's 3rd largest producer of Steel. The production of steel has crossed 100 MnMT and is growing at the rate of 6% per year. Considering the future growth potential of the steel industry, the Company has applied to the Ministry of Environment, Forests and Climate Change for permission to set up a 1.38 MnMT steel plant in phases at Joda. The Company is also on the lookout for acquiring coal and iron ore mines as and when these are auctioned by the Government.

Tata Sponge will continue to progress in its journey towards sustainable long-term growth with commitment to excellence and high ethical values.

I congratulate all the employees for such an excellent overall performance and the Trade Union Leaders for their support in maintaining industrial harmony. I thank all the stakeholders for reposing their trust in the Management and the Board.

Yours sincerely,

A.M. Misra
Chairman

Sustainability

Sustainability is integrated with our business

Our responsible business practices have positioned the Company as one of the best coal-based Direct-reduced Iron (DRI) plants in India.

Lake with recycled water, enhancing environmental value



Our commitment to sustainability is anchored firmly in Tata group's ethos and values, which have been revitalised with a concerted focus on customer success, trust, passion, change and performance.

The balance between economic success, environmental protection and social responsibility has been an integral part of our corporate culture for years now.

At Tata Sponge, sustainability also means creating distinct values for all its stakeholders— customers, shareholders, employees, suppliers and community — in a balanced manner. This is apparent from the high perceptional scores given by the stakeholders, year-on-year, in the feedback surveys conducted by the Company.

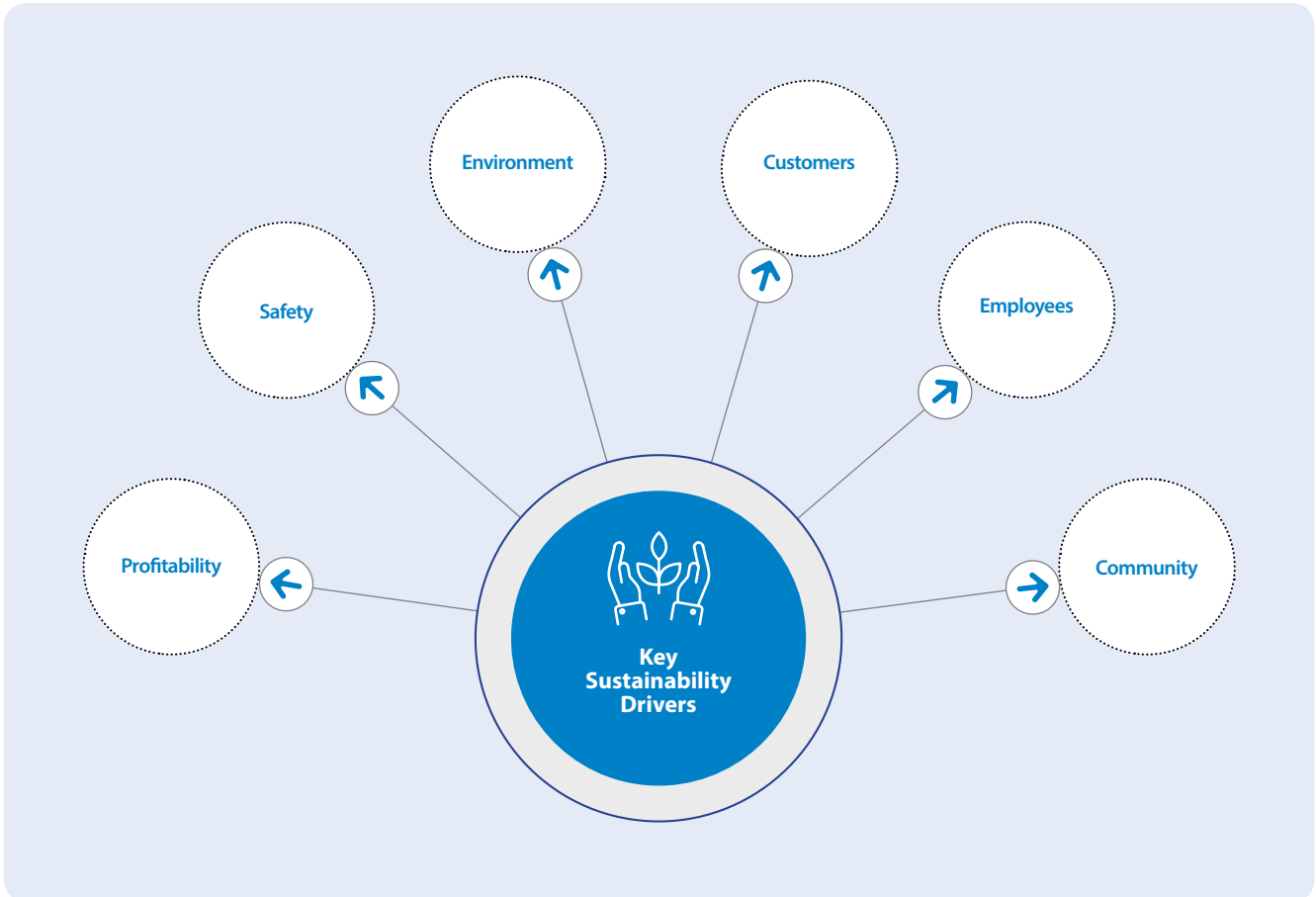
Over the years, the Company has effectively focussed on the key sustainability drivers and aspires to enhance them in future.



"We are very proud that Tata Sponge could be part of the 150-year journey of the Tata group. Inspired by Tata group's fundamental ethos and values, we believe our growth story will be sustained with our relentless efforts on integrating sustainability principles in our core strategy. For us, our strategy is a true reflection of our 'integrated thinking' for today and tomorrow."

Mr. Sanjay Kumar Pattnaik
Managing Director

A snapshot of key sustainability drivers at Tata Sponge



Sustainability

Inclusive philosophy

The sustainability of our business and the long-term success of our stakeholders are inextricably intertwined.

Stakeholders	Value addition to the organisation	Engagement platforms	Matters of significance	Our response
Shareholders/ Investors	Shareholders/ investors provide the financial resources required for the Company's operations and growth. They demand transparency for making informed decisions.	→ Annual general meetings → Investor calls → Periodic statutory reports - Annual Reports, among others → Press releases	→ Strong governance, ethics and transparency	→ Constant endeavour towards maximising profits, minimising costs and ensuring consistent financial performance → Transparency and disclosure around financial and non-financial performance, risks, prospects and outlook
Customers	Customers play a critical role in building our brand and enhancing brand loyalty.	→ Customer satisfaction surveys and regular feedback → Emails, newsletters and brochures	→ Quality of products → Cost-competitiveness → On-time delivery → Complaint handling and customisation	→ In-depth analytics to provide better products and services → Best-in-class products → Optimised logistics → Research and innovation for catering to customer needs
Employees	We are as good as our people, who drive our business.	→ Employee engagement survey conducted every four years → Pulse Gen X 2018 conducted to enhance engagement with young employees → 'Milan' – an employee engagement initiative — involves families of employees	→ Career development opportunities → Availability of training and mentoring → Work conditions, especially safety and security → Rewards and recognitions	→ Prioritise transparent work environment → Encourage diversity at work → Enhance safety standards → Upskill workforce with training and motivational programmes → Encourage rewards, recognitions and engagement initiatives

Stakeholders	Value addition to the organisation	Engagement platforms	Matters of significance	Our response
Vendors	Our vendors provide us quality raw materials and are integral to our operations.	→ Vendor visits → Supplier meets → Frequent feedback collection from vendors	→ Assured payments → Long-term contracts → Knowledge enhancement	→ Vendor training programmes → Knowledge exchange initiatives → Help locals develop as vendors
Regulatory and statutory bodies	The regulatory and statutory bodies ensure that we abide by the highest standards of corporate governance	→ Publish regular compliance reports → Cooperate in conducting statutory audits → Continue to have dialogue with authorities on current legislative and regulatory issues	→ Compliance to laws → Accountability	→ Constant monitoring of compliance frameworks through digital trackers → Regular dialogue with Government bodies
Local communities	They give us the social licence to operate.	→ Various Corporate Social Responsibility (CSR) initiatives	→ Social Infrastructure — roads, education, healthcare, potable water, livelihood support, sanitation facilities and more	→ Support to self-help groups → Enhancing employability by sponsoring Industrial Training Institute (ITI) training → Assistance for primary to higher and professional education → Providing basic amenities, including potable water, and toilets

Financial Capital

We are strengthening our financial capabilities

Our financial capital helps us improve, innovate and optimise operations to create a leaner and more efficient, sustainable business.



"Our remarkable performance in FY 2017-18 is an outcome of our prudent policies. With focus on cost optimisation, we have built functional synergies that facilitate resource optimisation. At Tata Sponge, we are consistently working towards remaining value-accretive for the long-term."

Mr. S.K. Mishra
Chief Financial Officer

STRATEGIC PRIORITIES

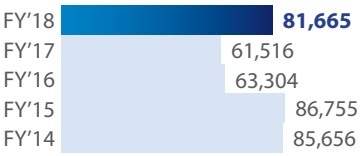
Refer Business Strategy on Page 08

TRADE-OFF WITH OTHER CAPITALS

KEY RATIOS (%)

	FY'14	FY'15	FY'16	FY'17	**FY'18**
LEVERAGE RATIOS					
Current ratio	3	5	5	4	**4**
Working capital turnover ratio	2	2	1	1	**2**
Inventory turnover ratio	13	9	8	14	**12**
PE ratio	8	12	22	18	**10**
RETURN RATIOS					
Return on capital employed	47	24	4	15	**40**
Return on invested capital	31	15	2	10	**26**
MARGIN					
EBIDTA margin	19	13	4	11	**23**
PBT margin	18	16	7	14	**25**
PAT margin	12	11	5	10	**17**

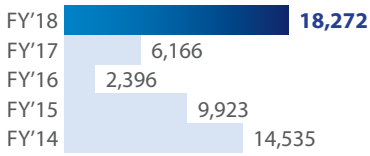
TURNOVER (Rs. in lacs)



We reported a higher turnover owing to robust industry demand for our sponge iron and higher realisations.

32.75%
y-o-y growth ↑

EBIDTA* (Rs. in lacs)

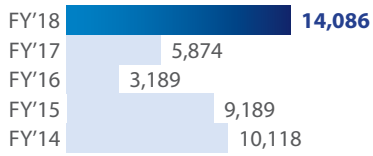


Our EBIDTA grew because of multiple cost optimisation measures and economies of scale.

*From Operations

196.34%
y-o-y growth ↑

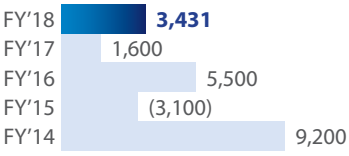
PROFIT AFTER TAX (Rs. in lacs)



We reported attractive profitability owing to interest cost optimisation, enhanced margins and growing business size.

139.80%
y-o-y growth ↑

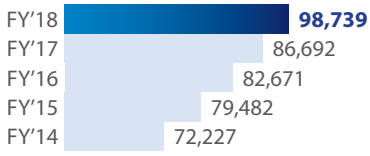
FREE CASH FLOW (Rs. in lacs)



We are growing our free cash flow consistently and we intend to pursue new growth opportunities that enhance shareholder value.

114.44%
y-o-y growth ↑

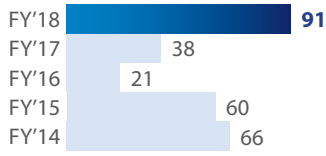
NET WORTH (Rs. in lacs)



Our growing net worth is a testimony to the stable earnings over a period of time.

14.2%
y-o-y growth ↑

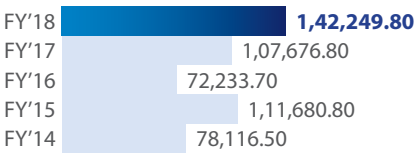
EARNINGS PER SHARE (Rs.)



Our earnings per share have consistently increased in line with rising profits.

140%
y-o-y growth ↑

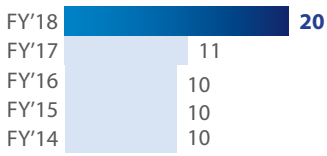
MARKET CAPITALISATION (Rs. in lacs)



Our consistent performance resulted in a steady growth in our capital market performance and helped enhance shareholder value.

32.11%
y-o-y growth ↑

DIVIDEND PAYOUT (Rs. per share)



Our track record for dividend payout shows our propensity and willingness to reward shareholders.

21.82%
y-o-y growth ↑

Manufactured Capital

We are enhancing our manufacturing capabilities

The efficient use of manufactured capital — physical assets that facilitate production — enables us to be more responsive to the market. It is one of the key inputs for our long-term value creation.

A close-up of our product - sponge iron



Resource optimisation and maximisation of yield are key to achieving excellence in manufacturing. We are progressing with state-of-the-art technologies to streamline our processes.

0.7 MTPA
Annual iron ore requirement

0.39 MTPA
Annual coal requirement

0.03 MTPA
Annual dolomite requirement

56 MU
Annual power consumption

1.27 MM^3
Annual water consumption

STRATEGIC PRIORITIES

Refer Operational Strategy on Page 08

TRADE-OFF WITH OTHER CAPITALS



The rotary kiln - a key process component for sponge iron production

Quality assurance begins with raw materials

The quality of raw materials and its proportion determine the quality of the final output, i.e. sponge iron, and also determine the efficiency of the rotary kiln. Hence, for us, the right quality of raw materials is of paramount importance. To ensure the same, we follow a detailed quality check process for all our raw materials.

PRIMARY RAW MATERIALS USED IN SPONGE IRON PRODUCTION

Raw materials	Sources	Input used as
Iron ore	→ Khondhbandh, Joda East (Odisha, India)	Key raw material — reduced to solid state in the process
Coal	→ Imported from South Africa — low ash content, highly efficient in expanding productivity, energy efficiency and cost optimisation → Linkage with Eastern Coalfields Limited (ECL) — of 24,000 MT	Used as a reductant in DRI process
Dolomite	Gomardih (Odisha, India) and Bhutan	Acts as a desulphuriser from the feed mix during the reduction process

Manufactured Capital

Production capacity

We have three rotary kilns for the manufacture of sponge iron and two power plants for uninterrupted power supply.

Efficiency and excellence in operations

We follow a multitude of management standards and practices for ensuring efficiency and excellence of operations. Among these is the Tata Business Excellence Model, which helps us improve our business processes and systems across all functions. We have put in place an Integrated Management System (IMS) that ensures the quality of our products, occupational health, safety of our people and compliance to environmental policies and norms.



A well-maintained power plant

OPERATIONAL ACHIEVEMENTS

SPONGE IRON CAPACITY UTILISATION (%)



PRODUCTION OF SPONGE IRON (000' MT)



POWER GENERATION (MU)



The performance improvement was a collective outcome of various processes and measures implemented during the year.

Improvement initiatives FY 2017-18

KILN PRESSURE CONTROL

Kiln pressure control through auto operation of ID Fan MLD was introduced in PID process control. This maintains pressure within desirable band for controlling accretion formation inside kiln and eventually improves the availability of kilns.

CHAR FEEDING WITH INJECTION COAL

This initiative helps minimise moisture in coal during monsoon, resulting in the reduction of injection coal interruption and improvement of product quality and production rate.

MODIFICATION OF INJECTION COAL THROW SYSTEM

Modification was done in the injection coal throw system with individual line to rotary feeder from roots blower for uninterrupted operations, resulting in steady quality and production rate.

CONTAINER LOADING SYSTEM IN KILN-1

Installed a container loading system in Kiln-1 product handling to reduce packaging costs.

INSTALLATION OF MAGNET PULLEY

Installed magnet pulley at injection coal weigh feeders to trap foreign magnetic materials to reduce injection coal interruption.



"During the year, we concentrated on increasing efficiencies of various processes without compromising on product quality. Our culture of innovation resulted in considerable bottom-line benefits.

Safety is a way of life at Tata Sponge. This corporate credo has led to a healthy work environment free from 'injury at workplace'. We also bagged the prestigious Kalinga SHE Award 2018 by the Institute of Quality and Environment Management Services.

We have also got the coveted 'BE Star Recognition' as the leader in customer management excellence from CII."

Mr. P. Chattopadhyay
Chief Operating Officer

Intellectual Capital

We are enriching our intellectual capital

We believe intellectual capital shapes our future readiness. It comprises the knowledge, ingenuity and foresight of our team that help us stay ahead of the curve in a competitive scenario.



Our engineers discussing and solving operational issues

STRATEGIC PRIORITIES

Refer Operational Strategy and Market Strategy on Page 08

TRADE-OFF WITH OTHER CAPITALS

7%

Increase in annual production of sponge iron

13

Additional days for Kiln operation

It also includes different processes, systems, proprietary knowledge on brands and marketing that provide us the competitive edge in the sponge iron market.

We are looking forward to elevating our integrated processes for building an agile organisation that consistently sets higher industry benchmarks.

Collaboration for process efficiency

We collaborate with external knowledge partners to access different strands of knowledge. We initiated a research and development programme in collaboration with IIT Bhubaneswar on Artificial Neural Network and real-time data analysis using digital technologies. The objective is to stabilise processes and streamline the flow of iron ore fines.



Our team of technocrats and engineers

The R&D project is focussed on providing better screened fines that would diminish the formation of accretion in the plant and subsequently shut it down for cleaning. The kiln process introduced a unique method of control where after every eight hours, parameters are dynamically set. The machine operator accordingly regulates inputs and other variables. The new process has helped us to:

- Increase annual production, significantly surpassing its rated capacity
- Control accretion
- Increase kiln life
- Stable quality
- Stabilisation of steam generation, subsequently improving power generation

Converting coal fines to briquettes

For enhanced productivity, non-coking coal of grain size 3 to 20 millimetre is required. The smaller coal pieces do not participate in the reduction process as they get air borne inside the kiln. Generally, these coal fines are screened out, escalating the production cost.

We are designing a solution that involves making briquettes from coal fines. The solution will ensure to make the coal fines suitable for charging from the feed/inlet end of the kiln with iron ore and coal.

Our major challenge remains in forming briquettes that will be similar to coal lumps in sustaining mechanical forces at play. Thus, we initiated an R&D project with Tata group's innovation team.

Human Capital

We are nurturing a formidable talent pool

We have always placed a strong focus on recruiting, developing and retaining a talented and diverse workforce.



Meeting between the Company management and the workers' union

STRATEGIC PRIORITIES

Refer Workforce Strategy on Page 09

TRADE-OFF WITH OTHER CAPITALS

KEY HUMAN CAPITAL HIGHLIGHTS FOR FY 2017-18

Zero

Lost time injury frequency rate

81%

Overall employee engagement score

Our human capital is a measure of the collective experience, skills and capabilities that our people bring on board to create sustainable value for the organisation.

We are creating a work environment that fosters innovation, motivates our teams and produces encouraging outcomes for the Company.

Our human capital underpins our ambition to deliver on our promises to various stakeholder groups. Thus, our major focus areas for developing human capital are:

- Recruiting relevant talent to drive operations and growth aspirations
- Strengthening employee competence
- Ensuring congenial work environment
- Enhancing employee engagement



Happy executives of Tata Sponge

TRAINING IN FY 2017-18

100%

Training compliance

9.0

Average training mandays per employee

79

Skilled to unskilled ratio

Recruiting talent for today and tomorrow

We cater to the Company's workforce requirements with a balanced approach to talent acquisition. We recruit fresh graduates from reputed institutes and engage in lateral hiring for replacing outgoing experienced executives. Our Graduate Engineer Trainees (GETs) compulsorily participate in a one-year training programme. During the year under review, they also participated in the Tata Steel Adventure Foundation's leadership training programme.

Strengthening employee competence

We provide our teams with a wide range of learning opportunities that help them grow as professionals. In FY 2017-18, we organised overall 275 skill development programmes for our people. Two of our major initiatives were 'Windows of the World' for officers and 'Work Culture and Work Ethics' for contract workforce. We address gaps in capabilities through many classroom and on-the-job training sessions.

Human Capital

Ensuring a congenial work environment

We are fostering a culture of high performance that ensures our people have balanced short- and long-term objectives. As part of our efforts to achieve a performance-based culture, we aim to leverage our employee incentive programmes to drive sustainable growth.

We are driving organisational growth with:

- Recognition for outperformance
- Empowering environment
- Abundant learning opportunities

417

Hours of safety training for employees

1,867

Hours of safety training for contract employees

COMPETENCY ASSESSMENT FOR OFFICERS

We conduct competency mapping and assessment for officers and the general workforce every three years.

SAFETY MANAGEMENT

We ensure the health and safety of our people, including our contract workers. We have integrated safety programmes, such as implementation of DuPont safety requirements, tool box meetings, road safety training, firefighting training, reporting of near-miss cases and identification of unsafe acts and conditions, among others. These aspects reinforce safety measures at Tata Sponge.

INDUSTRIAL HARMONY

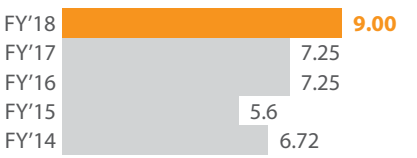
We have sustained a dispute-free work environment at Tata Sponge, enabling a smooth partnership between our management team and employee union (Tata Sponge Shramik Sangh). Long-term wage settlement, fruitful bonus agreement and an encouraging production incentive scheme have helped elevate engagement with our workforce. At Tata Sponge, we are equally sensitised to the needs of our contract workforce and ensure they are covered under Tata Sponge's health and safety net.

KEY HUMAN RESOURCE TRENDS

EMPLOYEE RETENTION (%)



TRAINING MANDAYS PER EMPLOYEE (Mandays)



EMPLOYEE SATISFACTION INDEX–OVERALL





Cultural programme involving the extended Tata Sponge family

MILAN

This is an employee engagement programme with innovative practices that include social group activities.

PULSE GEN X 2018

This programme is to understand the requirements of young officers and drive more engagement initiatives.

HEALTH AND WELL-BEING INITIATIVES

Tata Sponge is involved in several health and well-being initiatives for its on-roll employees as well as contract workers. Our executives as well as contractors undergo health check-ups.

Enhancing employee engagement

We engage with our employees through various programmes such as 'Adarsh', 'Feel Good', Employee Dialogue Sessions, Knowledge Sharing Sessions and social group activities, among others, which have become a way of life.

At Tata Sponge, we consistently motivate our team members through various rewards and recognition programmes, celebrating our success together. Some of the popular recognition programmes are Feel Good, Sparkle Knight and Lakshya special category winners.

89% Engagement dimension: **Employer Brand**

93% Engagement dimension: **Customer Focus**

94% Engagement dimension: **Work Task**

(As per the Aon Hewitt 2017 Survey)

Social and Relationship Capital

We are empowering communities

We believe our business is only as sustainable as the communities in which we operate. Our community investment priorities emphasise areas where we can make a substantial difference.



The kids from the Anganwadi programme we support

STRATEGIC PRIORITIES

Refer Corporate Responsibility Strategy on Page 09

TRADE-OFF WITH OTHER CAPITALS

As a responsible corporate citizen, we consistently strive to improve community lives with focus on environment, education, employment, entrepreneurship and essential amenities. With an 'affirmative action' policy, we help improve the lives of socially and economically marginalised sections of society.

Promoting sustainable social development initiatives

The Corporate Social Responsibility (CSR) objective of Tata Sponge is to enrich community lives in the areas where we operate. We help marginalised community members overcome social discrimination that prevents them from realising their potential as productive members of the society. To determine sustainable CSR intervention in and around Tata Sponge, we conducted a detailed need assessment survey and engaged with partners of repute, for implementation of various CSR projects and programmes.



Preserving the culture of the tribal communities in our plant vicinity

Major issues faced by communities near us

The major issues faced by the population in the region comprise:

- Inadequate skillsets for industrial jobs among locals
- Insufficient infrastructure for primary education, along with malnutrition and poor awareness among parents about the importance of education
- Lack of entrepreneurial competence

THE 5Es FOR NEED-BASED INTERVENTION



Social and Relationship Capital



Children from our residential educational programme - Residential Bridge Course (RBC)

Our CSR programmes comprise need-based interventions in areas spanning **143 square kilometres** (across **38 villages** in **five Gram Panchayats**) reaching around **34,000 people**, of which around **72% belong to the marginalised sections of the society.**

BRINGING CHILDREN BACK TO SCHOOL

Residential Bridge Course (RBC) is a programme which aims to bridge the gap of learning for 'out of school' children and gradually bring them into the mainstream education system. In RBC, children get all opportunities to fill their education deficit and develop with knowledge and skills to re-enter government schools. The programme allows them to learn at their own pace and provides space to children, their parents and the whole community to experience the significance of education.

According to a latest survey conducted by us, our rural satisfaction index stands at 4.29 out of 5.

OUR KEY INITIATIVES IN THE REGION:

Interventions in the field	Key initiatives	Objectives	Beneficiaries	Amount spent in FY 2017-18 (in Rs.)
Employment	Vidya Shakti Niyas	Providing employment through fly ash brick plant	~80 workers from socially marginalised sections	N/A
Entrepreneurship	Maa Mangla SHG	Sustainable income source with production of processed food and duck farming	10 women	Rs. 0.29 lacs
	Mango orchard	Helped set up a mango orchard to generate long-term income	48	Rs. 3.87 lacs
Employability	ITI/ Diploma / B.Tech training	Focussed on improving employability potential for Dalit and tribal people with vocational training	38	Rs. 4.95 lacs
	Project Manavi	In-house training programme on tailoring	~55 women	Rs. 0.35 lacs
	Project Abhiyan	Driver training programme with basic knowledge of repair and vehicle maintenance for local youth	~17 women	Rs. 1.99 lacs
	Project Liberty	Industrial sewing training programme for young girls who have studied till Class X	31 girls	Rs. 0.15 lacs
Education	Prarambh	Build capability of all 67 Anganwadi Centres in five Gram Panchayats over a five-year period and construction of 10 Model Anganwadi Centres	400+ children	Rs. 40.14 lacs
	Guru Dikshya	Introduce technology in schools through computer-aided learning	160 teachers	Rs. 5.78 lacs
	Vidyarthi	Promote science education among school children through physical infrastructure, science exhibition, talks and books, among others	358+ children	Rs. 8.89 lacs
	Protsahan	Promote higher studies with scholarship for meritorious students	6 students	Rs. 1.95 lacs
	Krida	Coaching of both outdoor and indoor sports with support of equipment, prizes, coach fee and other support items	466 students	Rs. 1.94 lacs
	Upkaran	Educational aid such as desks, computers, projectors, school supplies and uniforms, among others	350 students	Rs. 3.35 lacs
Essential amenities (primarily infrastructure) – We spent 51% of the allocated budget for infrastructure development.	Jal Dhara (potable water)	Providing drinking water source through tube wells (107), borewells (16), ring wells (45) and dug well (01)	1,000+ people through 107 hand tube wells and 16 borewells	Rs. 4.01 lacs
	Swabhiman	Aims to cover the immediate five surrounding villages to make them Open Defecation Free (ODF) villages by 2020	119 families	Rs. 89.28 lacs
	Free health camps	Focussed on providing essential healthcare facilities through free health camps — eye check-up and diabetes diagnosis	200+ individuals	Rs. 1.28 lacs

Natural Capital

We are promoting eco-friendliness

We are integrating environmental principles into our operations. We strive to conserve the natural resources.

Extended green cover in the plant vicinity



STRATEGIC PRIORITIES

Refer Corporate Responsibility Strategy on Page 09

TRADE-OFF WITH OTHER CAPITALS

7,59,111 MT
Total greenhouse gas emissions

1,671 MM³
Total water saving

9.1 TJ
Total energy used

As our value-creation process impacts natural resources, we remain environmentally aware and have implemented methods and procedures that help in the preservation of natural resources, reduce carbon emissions and control pollution.

We support eco-friendly growth and have emerged as one of the cleanest and best maintained coal-based sponge iron plants in India. We have set a benchmark in the DRI industry with our environmental protection measures.



Maintaining a dust-free and green environment around our plant

Emission Control Measures

We take our responsibilities towards the environment seriously and have in place the following pollution control initiatives:

Technology-led initiatives	Outcomes
Electrostatic Precipitator (ESP)	→ Enables cleaning the process gas in kilns in a dry state without using water → Eliminates the process of sludge generation, waste water recovery and cake disposal (in case of GCT)
De-dusting Systems	→ Used to manage fugitive dust during plant operations
Dust Suppression System	→ Chemicals sprayed on raw materials circuits to prevent the finer sized coal and iron ore from flying
Telescopic Unloading	→ Uses spouts fitted with pneumatic gates of product bunkers to arrest sponge iron dust from flying, while loading on trucks
Fogging Canon	→ Streams water to suppress dust in local areas
Mobile Vacuum Cleaning Van	→ Van fitted with a mobile vacuum cleaning device to clean the dust settling on plant roads

Natural Capital

Green cover around our township



Managing our carbon footprint

We actively follow all compliance norms and pollution control measures ordained by state and national pollution control bodies.

Tata Sponge received 19,404 tradable Energy Saving Certificates (ESCerts).

During FY 2017-18, we planted 2,500 trees.

Afforestation measures

Over the years, we have planted over 1,70,000 trees near our premises. We further encourage people's participation in increasing the green cover of the region through various initiatives such as annual garden competition and supplying subsidised seedings, among others.

Besides, 2,500-plus square metres of land inside the plant has been converted into gardens and parks, enhancing green cover. Our excellence in environmental standards has been accredited with ISO-14001 certification.

FOCUSSED ON POLLUTION CONTROL

Tata Sponge generates power through Waste Heat Recovery Boilers (WHRB), enabling it to reduce carbon emissions and earn carbon credits. The WHRB power plant does not require fossil fuels, reducing emissions of greenhouse gases and sulphurous and nitrous pollutants in the power generation process.

RENEWABLE ENERGY

We mounted rooftop solar panels in the colony with an installed 235 KW capacity.

SHIVALIK – TRANSFORMING A WASTELAND INTO AN ECO-PARK

We envisioned converting a dumping ground for wastes into a beautiful hilltop eco-park. We rearranged dumped wastes into an aesthetically spectacular green cover.



Waste management

We generate non-hazardous solid wastes. While we utilise ESP dust for manufacturing fly ash bricks and concreting needs, non-magnetic wastes such as char is used for land reclamation by filling low-lying areas. Our major waste management measures include:

Waste type	Procedures applied to deal with wastes
Waste water	→ Khanbandh, Joda East → Recycle cooling water in the system → Blowdown water from power plant, after treatment, used in the fly ash brick factory → Waste water utilised for dust suppression, washing floors, railway siding, coal/iron ore circuits and in the waste dump yard
e-Waste	→ Collected and stored an identified covered room with tiled floor → Upon accumulation, sold to authorised dealers
Bio-medical waste	→ Kept segregated in different coloured containers with covers, till they are disposed
Hazardous waste	→ Spent resin, used oil and batteries are suitably disposed according to approvals from the state pollution control board

Water conservation

We reuse the waste water generated, following its primary treatment in dust suppression and gardening initiatives. Besides, we have a rain water harvesting plant within our premises for groundwater percolation and reuse.

Risk Management Framework and Key Risks

Risk Governance

In the current dynamically changing business environment, the Company is exposed to various risks from strategic, regulatory, operational and financial perspectives.

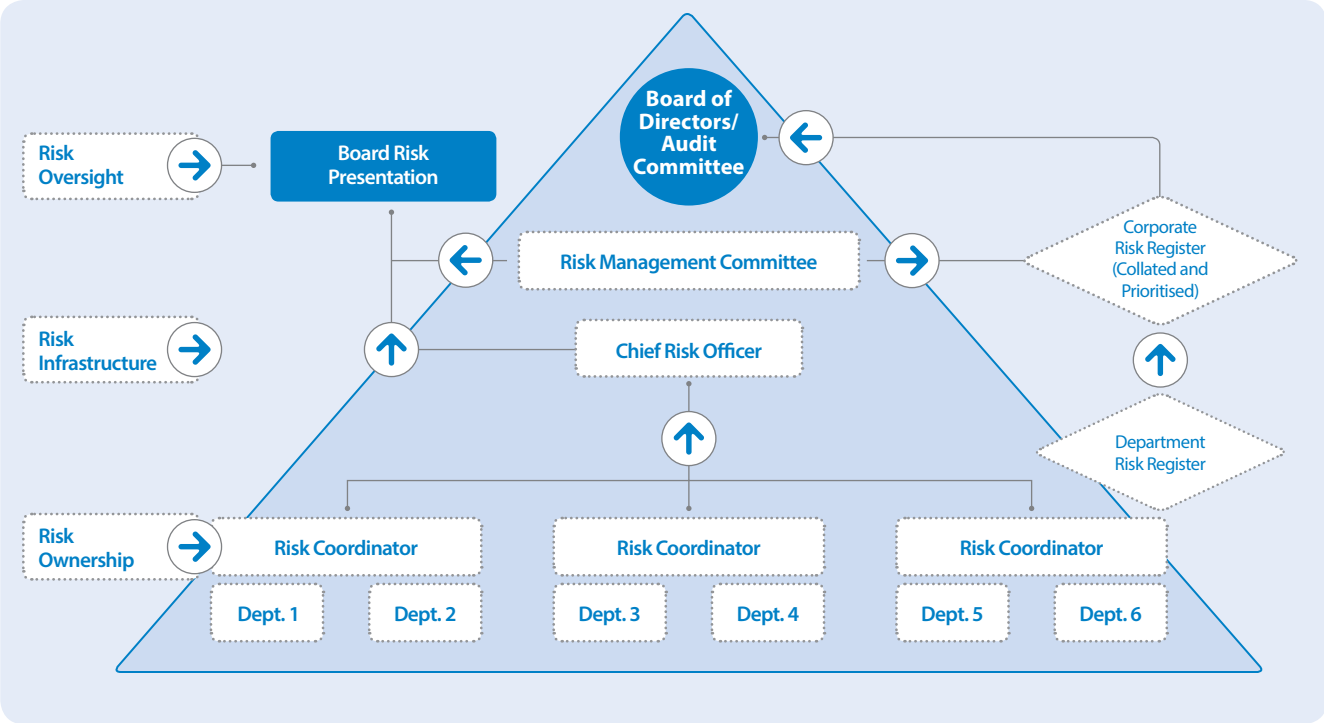
The Company's Enterprise Risk Management (ERM) structure leverages the existing organisational structure for creating, implementing and sustaining the ERM initiative in the Company.

The Board of Directors (Board) is committed to fostering an environment within the Company that enables proactive identification, management, monitoring and reporting of various risks that the Company may need to deal with.

The ERM structure aligns individuals, teams and departments with the intent of establishing responsibility and accountability with regard to:

- Integrating ERM into the Company's culture
- Facilitating and monitoring effective implementation of the ERM framework
- Ensuring that the ERM framework and its components are updated

The Chief Risk Officer updates the Board on a periodic basis on all key risks and is guided by the Risk Management Committee (RMC). Risk ownerships remains at the respective departments. The overall structure and roles for the ERM function is summarised below:



Risk management at Tata Sponge - An integrated approach

Tata Sponge has adopted an integrated approach for ERM. This approach to risk management shares a common 'risk language', shared tools and techniques, as well as periodic assessments of the total risk profile for the entire organisation. This approach is appropriate when risk factors are common across business and functional units, when units are highly interdependent and when tools and techniques developed in one unit can be readily adapted by others.

The Company aims to integrate risk management across the organisation to support its vision and achieve its business objectives. This will be accomplished by:

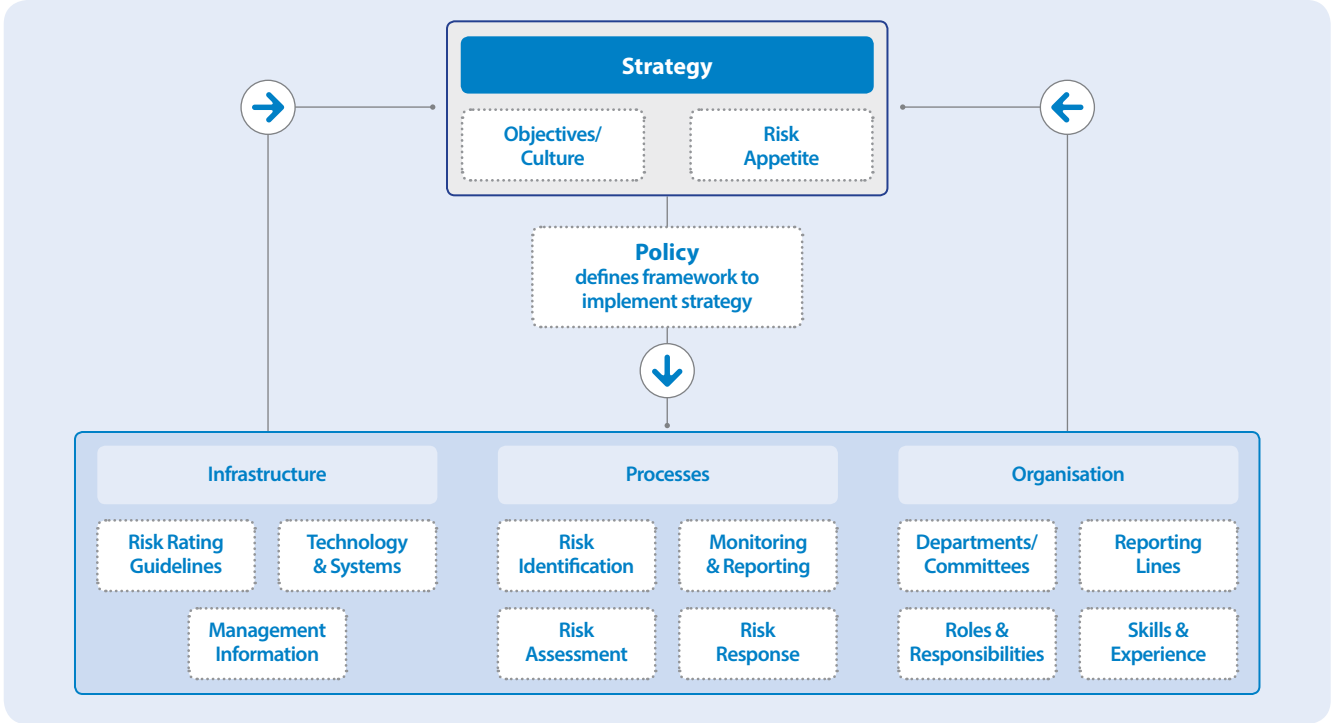
- Embedding a common risk management framework within the organisation
- Proactively identifying future uncertainties and planning for them
- Training employees to consider risks as part of their decision-making process

The Company views ERM as a key enabler in achieving its objective of creating and maintaining shareholder value, for successful execution of its strategies and for considering the 'risk and reward' principle in the management of all business activities.

In particular, the Company aims to:

- Develop an effective risk management framework that will provide guidance on implementing ERM processes and make it part of the day-to-day business
- Regularly identify significant risks that adversely impact the achievement of objectives and ensure these are appropriately prioritised, reported and managed
- Regularly identify potential risk of lost opportunities and minimise adverse effects
- Specify roles and responsibilities within the ERM framework and include them as performance parameters
- Regularly communicate the ERM philosophy, principles, policies and procedures to all levels of staff

Key components of the ERM framework



ERM process and framework

Tata Sponge ERM follows the 5-step process, which covers process steps and components. The framework comprises of policies, processes, tools, reports and the governance structure to help the enterprise manage all the material risks and facilitate linkages between strategy risk and capital requirements.

The ERM framework consists of five steps as mentioned below:



Principal risks and their mitigation

Principal risks	Context	Mitigation measures	Capitals impacted
Price volatility of raw materials	Rise in prices of raw materials due to geo-political conditions	→ Diversify our raw material sources → Balance increase in raw material costs	
Regulatory compliances	Compliance liabilities or any regulatory changes may cause unwanted effects	→ Conform to all regulatory norms → Monitor compliance framework routinely	
Workforce and employees	Workers' unrest due to any unmet expectation	→ Ensure congenial work atmosphere → Enhance employee engagement	
Waste management	Scarcity of disposal ground for solid wastes such as fly ash may cause production disruptions	→ Minimise waste by sourcing raw material of improved quality → Find alternate uses for wastes, for example, bricks made of fly ash or fly ash supply to different users	
Safety issues in factory premises	Any unforeseen event like fire or accident may disrupt operations	→ Implement safety management systems → Drive safety culture across the organisation	

Board of Directors

Effective leadership

We have a strong and balanced Board with a range of complementary skills to offer expertise and leadership to the Company.



Left to right top row - Mr. Krishnava S. Dutt, Mr. D.K. Banerjee, Mr. Sanjay Kumar Pattnaik, Mr. R. Ranganath, Dr O. N. Mohanty
Left to right bottom row - Mr. P. C. Parakh, Mr. A.M. Misra, Mrs. Meena Lall, Mr. Manoj T. Thomas

KEY MANAGERIAL PERSONNEL

Mr. Sanjay Kumar Pattnaik
Managing Director

Mr. S.K. Mishra
Chief Financial Officer

Mr. Sanjay Kasture
Chief Risk & Compliance Officer
and Company Secretary

BOARD COMMITTEES

- A Audit Committee
- B Committee of Board
- C CSR Committee
- E Ethics and Compliance Committee
- N Nomination and Remuneration Committee
- S Stakeholders Relationship Committee
- R Risk Management Committee
- Chairman/Chairperson of Committee

Mr. A. M. Misra
Chairman

N B

In his career spanning 40 years, Mr. Misra has held various leading positions in Tata Steel. Under his able leadership on Total Quality Management, Tata Steel bagged the Deming Grand Prize, the sole integrated steel maker outside Japan to have won this. He has also served as the Vice President (VP) for several key departments, including Raw Materials, Coke, Sinter and Iron, Shared Services as well as Human Resources and Industrial Relations at Tata Steel.

Mr. Dipak Kumar Banerjee
Independent Director

A N B

Mr. Banerjee has over 40 years of experience in working with esteemed organisations like Life Insurance Corporation of India and Hindustan Lever. He also served as the Chairman of Unilever in Uganda and Horn of Africa. At present, he is associated with The Tinplate Company of India Limited, DIC India Limited, Tayo Rolls Limited and Rupa & Company Limited and serves on their Boards. He joined the Tata Sponge Board as an Independent Director in 2003.

Mr. P. C. Parakh
Independent Director

A S

Mr. Parakh is a retired IAS officer of the Andhra Pradesh cadre. He held several important positions in the State Government and had a long tenure in Industry Ministry, where he was instrumental in developing Hyderabad as an important investment destination. He retired in 2005 as Secretary, Ministry of Coal, Government of India.

Post retirement, he is associated with two NGOs working in social welfare and health sectors.

Mr. Manoj T. Thomas
Independent Director

N C

Mr. Thomas is a faculty member at XLRI, teaching Strategic Management and Resource Based Strategy since May 2007. Before joining XLRI, he worked with various organisations in different research and consulting capacities. His body of work includes several research papers on technology management and strategic management.

Dr. O. N. Mohanty
Independent Director

A B

Dr. Mohanty was a faculty member at IIT Kharagpur's Metallurgical Engineering department before joining National Metallurgical Laboratory (NML) under the Government of India as Director-Scientist. After a decade of service to the nation, he joined Tata Steel as Director of Research and Development. Post this stint, he rejoined IIT Kharagpur as a Tata Research Professor. Later, he took over as the Vice Chancellor of the Biju Patnaik University of Technology. He is also a Director of Technology and Academic Initiative at RSB Group, Pune.

Mr. Krishnava S. Dutt
Independent Director

S E

Mr. Dutt began his career in Calcutta High Court, practicing civil law, before he joined ICICI Bank as a corporate lawyer. He joined Amarchand Mangaldas in 2005 and became the partner in charge of the firm's eastern operations in 2007. At present, he is a Managing Partner of Argus Partners, besides being on the Boards of several companies. Mr. Dutt has extensive experience in mergers and acquisitions, private equity, banking and finance, projects and project finance, advising both the government and private players, and specialises in infrastructure projects.

Mr. R. Ranganath
Non-Executive Director

A B C

Mr. Ranganath is Vice President Finance (India & South East Asia), Tata Steel Ltd. With a career spanning more than 30 years, he has worked with Cairn Energy India Ltd. and Bharat Petroleum Corporation Ltd. in various capacities. He joined Tata Steel in 2013 and since then, he is on the Boards of several group companies such as JUSCO, Tata Steel Thailand and Industrial Energy Ltd. A Chartered Accountant by qualification, he has extensive expertise in leading IT-led transformation processes.

Mrs. Meena Lall
Non-Executive Director

E R

Mrs. Lall is the Chief at Tata Steel's Legal and Compliance department. After a stint as a lawyer in High Court, she joined the Tata Steel legal department in 1990. Since then, she has handled complex issues and gained experience in diverse fields of company law. Before joining our Board, Mrs. Lall has served as the Director of one of the subsidiaries of Tata Steel.

Mr. Sanjay Kumar Pattnaik
Managing Director

S B R C

Mr. Pattnaik joined Tata Steel in 1983 and since then, has served in various divisions of the organisation, including raw materials, port operations and logistics solutions, liaison and business facilitation and policy and regulatory affairs relating to mining. In 2014, he joined the Board of Tata Sponge as an Executive Director. He is also on the Board of T.M. Mining Company Ltd. (a Tata Steel Joint Venture). Apart from this, he has been in leading positions in several industry associations, including Federation of Indian Mineral Industries (FIMI), Mining Engineers Association of India (MEAI) and the Confederation of Indian Industry (CII), Odisha State Council.

Notice

Notice is hereby given that the Thirty-Fifth Annual General Meeting (AGM) of the members of Tata Sponge Iron Limited will be held on Wednesday, July 18, 2018, at 10:30 a.m. at "Lake View Officers' Recreation Centre", TSIL Township, Joda, Dist – Keonjhar, Odisha – 758 034, to transact the following business:

ORDINARY BUSINESS

1. **Adoption of financial statements:**
   To receive, consider and adopt the:

   a) Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018 together with 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 March 31, 2018 together with the Report of the Auditors thereon.

2. **Declaration of dividend:**
   To declare dividend of Rs. 20/- per Equity Share of Rs. 10/- each for the financial year 2017-18.

3. **Appointment of Mr. R. Ranganath as a director liable to retire by rotation:**
   To appoint a Director in place of Mr. R. Ranganath (DIN: 06725337) who retires by rotation and being eligible, offers himself for re-appointment.

4. **Ratification of Appointment of Auditors:**
   To pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 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 hereby ratifies the appointment of Messrs Price Waterhouse & Co., Chartered Accountants LLP, Chartered Accountants (Firm Registration No.304026E/E300009), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 36th AGM of the Company, to be held in year 2019, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.

SPECIAL BUSINESS

5. **Ratification of Cost Auditors' remuneration:**
   To consider and, if thought fit, to pass, with or without modification(s), 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 and the Rules framed thereunder, as amended from time to time, the Company does hereby ratify and confirm 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, (Firm Registration Number.: 000001) who have been appointed by the Board of Directors as the Cost Auditors of the Company, to conduct the audit of cost records of the Company as prescribed by the Central Government under the Act and Rules framed thereunder, for the financial year ending March 31, 2019."

6. **Approval of Material Related Party Transactions:**
   To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Tata Steel Limited., a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for purchase of iron ore and sale of power, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 420 Crore for the financial year 2018-19 and during each subsequent financial year, till the termination of said contract or arrangement., provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

   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 or Company Secretary or any other officer of the Company to give effect to the aforesaid resolution.

   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. **Approval of Material Related Party Transactions:**
   To consider and, if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date,

Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) with Tata International Singapore PTE Ltd., a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for purchase of coal, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 450 Crore for the financial year 2018-19 and during each subsequent financial year, till the termination of said contract or arrangement., provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

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,or Company Secretary or any other officer of the Company to give effect to the aforesaid resolution.

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."

8. Approval of Material Related Party Transactions:

To consider and, if thought fit, to pass, with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and the Company's policy on Related Party transaction(s), approval of Shareholders be and is hereby accorded to the Board of Directors of the Company to enter intocontract(s)/ arrangement(s)/ transaction(s) with Tata International Limited., a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for sale of sponge iron, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of Rs. 300 Crore for the financial year 2018-19 and during each subsequent financial year, till the termination of said contract or arrangement., provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall be at arm's length basis and in the ordinary course of business of the Company.

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 or Company Secretary or any other officer of the Company to give effect to the aforesaid resolution.

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."

9. Revision in the terms of remuneration of Mr. Sanjay Kumar Pattnaik, Managing Director

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** in partial modification of Resolution No. 7 passed at the 34th Annual General Meeting of the Company held on August 4, 2017 and in accordance with the provisions of Sections 196, 197 and any other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, as amended from time to time, read with Schedule V of the Act, the Company hereby approves the revision in the salary scale of Mr. Sanjay Kumar Pattnaik, Managing Director (DIN: 00256832) with effect from April 1, 2018, as set out in the Explanatory Statement annexed to this Notice.

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

Notes:

1) The explanatory statement, pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of the business under Item Nos. 5 to 9 above is annexed hereto. The relevant details of Directors seeking re-appointment under Item No. 3 above pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations, 2015"] and Secretarial Standard on General Meetings is also annexed.

2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE AT THE MEETING ON HIS/ HER BEHALF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.

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. A Proxy Form is annexed to this Notice. Proxies submitted on behalf of limited companies, societies, etc. must be supported by appropriate resolution or authority as applicable.

3) Corporate members intending to send their authorised representatives to attend the meeting are requested to send a certified copy of the Board Resolution to the Company, authorizing their representative to attend and vote on their behalf at the meeting.

4) Members/ Proxies/ Authorized Representatives are requested to bring the duly filled Attendance Slip enclosed herewith to attend the meeting.

5) The Register of Members and Share Transfer Books of the Company will be closed from Thursday, July 12, 2018 to Wednesday, July 18, 2018 (both days inclusive) for the purpose of Annual General Meeting and dividend for the financial year 2017-18.

6) 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 Wednesday, July 11, 2018.

   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 Limited) 6-10 Haji Moosa Patrawala Industrial House, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011, for revalidation of the warrants.

   Members are requested to provide Bank details to facilitate payment of dividend, etc., either in electronic mode or for printing on the payment instruments.

   Members, who have not encashed their dividend warrants issued for the years 2010-11 to 2016-17 are requested to immediately forward the same for revalidation to our Share Registrars at their address given under (6) above and get the encashment at the earliest.

7) As per the provisions of the Companies Act, 2013, facility for making nomination is available to the Members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrar and Transfer Agents by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant(s).

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

9) Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares for ease of portfolio management. Members can contact the Company or TSR Darashaw Limited for assistance in this regard.

10) Section 20 of the Companies Act, 2013, permits service of documents on Members by a company through electronic mode. So in accordance with the Companies Act, 2013 read with the Rules framed thereunder, the Annual Report 2017-18 is being sent through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depository Participant unless any Member has requested for a physical copy of the Report. For Members who have not registered their e-mail addresses, physical copies of the Annual Report 2017-18 are being sent by the permitted mode. Members may note that the Annual Report 2017-18 will also be available on the Company's website i.e. www. tatasponge.com.

11) Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.

12) As an austerity measure, copies of the Annual Report will not be distributed at the AGM. Members are requested to bring their attendance slip along with a copy of Annual Report to the Meeting.

13) To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with TSR Darashaw Limited/ Depository Participants.

14) **Updation of Members' details:**
   The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Companies Act, 2013 requires the Company/ Registrar and Transfer Agents to record additional details of Members, including their Permanent Account Number details (PAN), e-mail addresses, bank details for payment of dividend, etc. Further, the Securities and Exchange Board of India ("SEBI") has mandated the submission of PAN by every participant in the securities market.

   A form for capturing the above details is appended in this Report. Members holding shares in physical form are requested to submit the filled-in form to the Company or its Registrar and Transfer Agents. Members holding shares in electronic form are requested to submit the details to their respective Depository Participant(s).

15) **Voting by Members:**
   I. In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements),

Regulations, 2015 and the Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its Members the facility to cast their votes electronically, through e-voting services provided by National Securities Depository Limited ("NSDL"), on resolutions set forth in this Notice. The Members may cast their votes using an electronic voting system from a place other than the venue of the Annual General Meeting ("remote e-voting"). Instructions for remote e-voting are given herein below. The Resolutions passed by remote e-voting are deemed to have been passed as if they have been passed at the Annual General Meeting.

II. The Board of Directors have appointed Ms. Manjari Sinha (Membership No. FCS: 9392) Practising Company Secretary, Dream Heights, 2nd Floor, Near Chinmayah Vidyalaya, South Park, Bistupur. Jamshedpur – 831001, Jharkhand as the Scrutinizer to scrutinize the remote e-voting process as well as voting at the Annual General Meeting in a fair and transparent manner.

III. The facility for voting through electronic voting system or ballot paper shall be made available at the Annual General Meeting and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the Annual General Meeting.

IV. The Members who have cast their vote by remote e-voting prior to the Annual General 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 vote through both the modes, voting done by e-voting shall prevail and votes cast at Annual General Meeting shall be treated as invalid.

VI. How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID
	For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID
	For example if your Beneficiary ID is 12********** then your user ID is 12**********
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company
	For example if folio number is 001*** and EVEN is 108395 then user ID is 108395001***

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.
   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
      (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) **Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN,your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to manjarisinha9@gmail.com, with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. 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 download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

VII. Instructions:

a. The e-voting period commences on Sunday, July 15, 2018 (9:00 a.m. IST) and ends on Tuesday, July 17, 2018 (5:00 p.m. IST). During this period, Members of the Company holding shares either in physical form or in dematerialised form, as on Wednesday, July 11, 2018, 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 Member, the member shall not be allowed to change it subsequently or cast vote again.

b. 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).

c. The voting rights of Members shall be in proportion to their share(s) of the paid up equity share capital of the Company as on the cut-off date i.e. Wednesday, July 11, 2018 and as per the Register of Members of the Company. 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 as well as voting through ballot form.

d. Any person, who acquires shares of the Company and becomes a Member of the Company after dispatch of the Notice of Annual General Meeting and holding shares as of the cut-off date, i.e. Wednesday, July 11, 2018, 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" or "Physical User Reset Password" option available on www.evoting.nsdl.com or contact NSDL at the following Toll Free No. 1800-222-990 or email at evoting@nsdl.co.in.

e. Please note, only 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 shall be entitled to avail the facility of voting, either through remote e-voting or voting at the Annual General Meeting through e-voting or ballot paper.

f. The Chairman at the AGM, shall at the end of the discussion on the resolution, on which voting is to be held, allow voting with the assistance of Scrutinizer, by the use of ballot system for all the Members who are present at the AGM but have not cast their vote by availing the e-voting facility.

g. 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, and including the date of the Annual General Meeting of the Company.

h. 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 NSDL's e-voting website: www.evoting.nsdl.com. You can also send your queries/ grievances relating to e-voting at:

Name and Designation: Mr. Rajiv Ranjan, Asst. Manager **Address**: Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 400013. **E-mail Id and Phone Number(s)**: rajivr@nsdl.co.in; 022-24994738; Toll free no: 1800222990

VIII. Declaration of Results on the Resolutions:

a. The Scrutinizer shall immediately after the conclusion of voting at the Annual General Meeting, would count the votes cast at the Annual General 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 48 hours 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.

b. 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. The results shall also be displayed on the notice board at the registered office of the Company.

By Order of the Board of Directors
sd/-
Sanjay Kasture
Chief Risk & Compliance Officer and
Company Secretary
(ACS: 24429)

Kolkata
April 17, 2018

Registered Office:
Post Joda
Dist.: Keonjhar
Odisha – 758 034
Tel: 06767 278122 Fax: 06767 278159
CIN- L27102OR1982PLC001091
Website: www.tatasponge.com
Email: investorcell@tatasponge.com

Explanatory Statement

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

The following Statement sets out all material facts relating to Item Nos. 5 to 9 mentioned in the accompanying Notice.

Item No 5

Based on the recommendation of the Audit Committee, the Board in its meeting held on April 17, 2018, appointed Messrs. Shome & Banerjee, Cost Accountants, (Firm Registration No.: 000001) to conduct the Cost Audit for the financial year ending March 31, 2019 at a remuneration 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 Auditors as recommended by the Audit Committee and approved by the Board of Directors has 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 accompanying 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, 7 & 8

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require prior approval of shareholders through ordinary resolution, if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements of the Company.

As per Regulation 23 (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI Listing Regulations, 2015"] all material related party transactions shall require the approval of shareholders. Further, explanation provided to Regulation 23(1) of SEBI Listing Regulations, 2015 states that a transaction with a related party shall be considered material if the transaction/ transactions to be entered into individually or taken together with previous transactions during the financial year (i.e. during 2017-18), 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. 816.65 crore for 2017-18 and 10% of which is equal to Rs. 81.65 crore. Hence, it is proposed to secure shareholders' approval on Resolution No. 6, 7 & 8 in the forthcoming Annual General Meeting including through ballot/ e voting for approving following related party contracts/ arrangements to be entered during financial year 2018-19 and each subsequent financial year, till the termination of said contract or arrangement.

Pursuant to Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014, as amended till date, particulars of the transaction(s) with TSL are as follows:

Sl No	Description	Details		
A	Name of the related party	Tata Steel Limited	Tata International Singapore PTE Ltd	Tata International Limited
B	Name of the director or key managerial person who is related , if any	None	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	Group Company
D	Nature, material terms, monetary value and particulars of the contract or arrangement.	The Company intends to purchase iron ore from Tata Steel Limited. The Company also intends to sell power to Tata Steel Limited. The pricing mechanism is purely market based. Latest auction price of Odisha Mining Corporation (OMC) for Barbil sector has been considered as base/ indicative price for purchase of iron ore. In the absence of auction price of Barbil sector, Gandhmardan sector auction price is considered as base indicative. **Maximum value of transactions in a financial year:** Rs. 420 crore for purchase of Iron Ore and sale of Power	The Company intends to import coal from Tata International Singapore PTE Limited. API4 index is the basis for Coal (FOB) procurement and freight & insurance at comparable / actual prices. **Maximum value of transactions in a financial year:** Rs. 450 crore for import of Coal.	The Company intends to sell sponge iron to Tata International Limited. **Maximum value of transactions in a financial year:** Rs. 300 crore for sale of Sponge Iron.
E	Any other information relevant or important for the members to take a decision on the proposed resolution.	This contract is at arm's length basis and in the ordinary course of business.	This contract is at arm's length basis and in the ordinary course of business.	This contract is at arm's length basis and in the ordinary course of business.

According to the provisions of Section 188 and Regulation 23 (7) of SEBI Listing Regulations, 2015, the related party shall abstain from voting on Resolution mentioned at Item No. 6, 7 and 8 of the Notice.

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, 7 and 8 of the Notice. The Board recommends the Resolution mentioned at Item No. 6, 7 and 8 of the Notice for approval of the Members.

Item No. 9

At the Annual General Meeting of the Company held on August 4, 2017, the Members had approved the appointment of Mr. Sanjay Kumar Pattnaik as Managing Director of the Company for a period of three years, commencing from November 1, 2016 to October 31, 2019 on the terms and conditions as set out in the Explanatory Statement annexed to the Notice of the said Annual General Meeting. The Members at the said Annual General Meeting had inter alia approved, salary in the scale of Rs. 2,00,000/- to Rs. 4,00,000/- per month with the authority of the Board to decide an annual increment effective from April 1, each year. In view of the performance of Mr. Pattnaik during FY'18, the Board on the recommendation of the Nomination and Remuneration Committee revised the basic pay per month from Rs. 3,58,600/- lakhs to Rs. 4,05,000/- lakhs with an increment of Rs. 46,400/- per month with effect from April 1 , 2018.

The Board of Directors of the Company, at their meeting held on April 17, 2018 considering his present salary and future revisions, if any, and based on the recommendation of the Nomination and Remuneration Committee, decided to revise the upper limit of Rs. 4,00,000/- per month in the present salary scale of Mr. Pattnaik, i.e Rs. 2,00,000/- to Rs. 4,00,000/- per month to Rs. 5,00,000/- per month.

The other terms and conditions of Mr. Pattnaik's appointment as Managing Director as enumerated in Resolution No. 9 passed at the Annual General Meeting of the Company held on August 4, 2017 and the Explanatory Statement thereto remain the same.

Other details of Mr. Sanjay Kumar Pattnaik are as follows:

a.	Age	58 years as on April 17, 2018
b.	Qualification & Experience	B.E (Mining), Advanced Management Programme (CEDEP/ INSEAD) France
c.	Date of first appointment in the Board	August 16, 2014 as an Executive Director
d.	Shareholding in the Company	Nil
e.	No. of Board Meetings attended	Attended all the six meetings held during the year.
f.	Other Directorship	TSIL Energy Limited; Federation of Indian Mineral Industries and TM Mining Company Limited
g.	Membership/ Chairmanship of Companies in committees of other Board	Nil

Pursuant to the provisions of Section 196, 197 and any other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules made thereunder, as amended from time to time, read with Schedule V of the Act, the approval of the Members is sought with respect to the above revision in terms of remuneration of Mr. Pattnaik i.e. the approval of salary scale of Rs. 2,00,000/- to Rs. 5,00,000/- per month, vide an Ordinary Resolution as set out in Item No. 9 of the Notice.

Except Mr. Sanjay Kumar Pattnaik, none of the Directors and key managerial personnel of the Company or their relatives are concerned or interested in the Resolution at Item No. 9 of the Notice. The Board recommends the Resolution mentioned at Item No. 9 of the Notice for approval of the Members.

By Order of the Board of Directors
sd/-
Sanjay Kasture
Chief Risk & Compliance Officer and
Company Secretary
(ACS: 24429)

Kolkata
April 17, 2018

Registered Office:
Post Joda
Dist.: Keonjhar
Odisha – 758 034
Tel: 06767 278122 Fax: 06767 278159
CIN- L27102OR1982PLC001091
Website: www.tatasponge.com
Email: investorcell@tatasponge.com

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

[Pursuant to Regulations 26(4) and 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2)]

Name of the Director	**Mr. Ranganath Raghupathy Rao**
Director Identification Number (DIN)	06725337
Date of birth	May 26, 1959
Date of appointment/ re-appointment	July 15, 2014
Qualifications	B.Com, FCA
Expertise in specific functional areas	Corporate Finance
Directorships held in other companies	TSIL Energy Limited T Steel Holdings Pte Limited TS Global Holdings Pte Limited TS Global Procurement Company Limited ProCo Issuer Pte Limited TS Global Mineral Holdings Pte Limited Jamshedpur Utilities and Services Company Limited Tata Steel (Thailand) Public Company Limited Industrial Energy Limited Kalimati Global Shared Services Limited
Chairmanships/ Memberships of statutory committees across companies	**Audit Committee** Tata Sponge Iron Limited (Member) Jamshedpur Utilities and Services Company Limited (Chairman) Industrial Energy Limited (Member) **Nomination and Remuneration Committee** Industrial Energy Limited (Member) **Corporate Social Responsibility Committee** Tata Sponge Iron Limited (Chairman) Jamshedpur Utilities and Services Company Limited (Member)
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	Nil

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

For other details, such as number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of the above directors, please refer to the Board's Report and the Corporate Governance Report.

Directors' Report

Dear Members,

The Directors take pleasure in presenting the Thirty-fifth Annual Report on the business and operations of the company and its financial results for the year ended March 31, 2018.

FINANCIAL RESULTS

Particulars		Standalone		Consolidated	
		FY 2017-18 (Rs. lakhs)	FY 2016-17 (Rs. lakhs)	FY 2017-18 (Rs. lakhs)	FY 2016-17 (Rs. lakhs)
(i)	Sales (Net of Excise Duty) and other income	85,966	65,218	85,971	65,223
(ii)	Profit before interest, depreciation and taxes	22,573	9,868	22,575	9,871
	Less: Interest	325	244	324	244
	Profit /(loss) before depreciation and taxes	22,249	9,623	22,251	9,626
(iii)	Less: Depreciation and amortisation expenses	1,230	1,276	1,230	1,276
(iv)	Profit Before Taxes	21,019	8,347	21,021	8,350
(v)	Tax Expense	6,933	2,473	6,933	2,473
(vi)	Profit after tax	14,086	5,874	14,088	5,877

DIVIDEND

The Board has recommended a dividend of Rs. 20/- per share (i.e. 200%) on 1,54,00,000 equity shares of Rs. 10 each for the financial year ended March 31, 2018 subject to approval of the shareholders at the ensuing Annual General Meeting. The total outgo on account of dividend (ex-taxes) will be Rs. 3,080/- lakhs.

DIVIDEND DISTRIBUTION POLICY

During the year, the Board of Directors of the Company have formulated a Dividend Distribution Policy ('the Policy'). The detailed policy is available on our website www.tatasponge.com

TRANSFER TO RESERVE

The Company proposes to transfer an amount of Rs. 130 crores to the general reserve account, subject to the approval of dividend by the shareholders' at the ensuing Annual General Meeting.

OPERATIONS

Sponge Iron

During the year (FY18) the kilns made a record production of 4,17,094 MT (at 107% of designed capacity) which is higher by 7% as compared to 3,90,000 MT of DRI production during the previous year (FY'17). During the year, all three kilns could surpass their previous records and achieve the best ever performance level. The daily average production rate during the year was 1274 MT/day.

The company sourced its entire requirement of iron ore from Tata Steel and 94% of coal of different grades from South Africa.

The sale of sponge iron was 4,13,506 MT which is higher by 5% as against the sale of 392,782 MT during previous year. The product dispatch through containerized rakes improved further to meet the customer requirement and contain cost.

Power

During the year, the total generation of power was 199.24 MU as compared to 185.47 MU during the previous year which is an increase of 7.56% and export was 143.63 MU as compared to 132.49 MU during FY'17 which is an increase by 8%.

MARKET

The buoyancy of markets continued in FY 18 as compared to FY 17. The Indian economic outlook remained positive and encouraging, GDP growth and consumption have picked up at more than expected levels. The overall growth in steel consumption growth for FY18 stood at a healthy 7.8%.

Construction sector grew at a robust rate of 6.8% in second half of the FY 18 and is expected to continue with the same momentum during FY 19. This is mainly due to various initiatives undertaken by the Government, in the infrastructure sector.

The anti-import measures for steel continued and resulted in stable steel prices. The export markets have also contributed substantially for maintaining domestic steel prices on up swing and India remained a net exporter of steel.

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 Rs. 32.50 Crore. The Bank Guarantee has since expired. The Company has filed a writ petition before Hon`ble High Court of Delhi challenging the decision of 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 Hon'ble Supreme Court of India vide its order dated September 24, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on February 7, 2006. The expenditure incurred on the Radhikapur (East) Coal Block as on March 31, 2018 aggregates to Rs. 18,040.96 lakhs (March 31, 2017: Rs. 18,040.96 lakhs).

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 allocattee 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 had furnished the required statement of expenses on January 5, 2015.

Pursuant to the judgement of Hon`ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provisions) 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 the judgement dated 9thMarch, 2017, of the Hon`ble High Court of Delhi in W.P. (c) 973/2015, the Nominated Authority MoC vide its letter dated 1 February, 2018, the Company has furnished the required statement of expenses and other details in the prescribed format on 22 February, 2018. Based on the Rules and necessary legal opinion obtained by the Company, no provision is considered necessary.

SUBSIDIARY COMPANY

Your Company has a 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 2017-18 has been paid to the Stock Exchanges where the Company's shares are listed.

CORPORATE SUSTAINABILITY

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

taking steps to reduce the Green House Gas emissions. Corporate sustainability is aligned with Triple Bottom Line approach by complying with –

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

The concept of inclusive growth through Affirmative Action (AA) had been adopted by the Company in the past. Further efforts have been made by the Company during the year to strengthen the actions.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the year, the Company has spent Rs. 180.46 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", which is available on the website of the Company, namely www.tatasponge.com.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACES

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

Further, the Company has an Internal Complaint Committees for various locations of the Company in compliance with the above mentioned Act and Rules. During the financial year 2017-18, no complaint was received by the Company.

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 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 emerged as a winner at the Odisha State Safety Conclave - 2017 and got the prestigious "Kalinga Safety Award" for its contribution towards achieving and maintaining the best safety standards and practices. The Company has also received "Pollution Control Appreciation Award 2017" for achieving and maintaining the best pollution control standards.

Over the years, the Company has been setting benchmarks in its industry vertical in reducing its carbon footprint through the 3Rs (Reduce, Reuse and Recycle), producing power from waste heat in its twin captive power plants, keeping emissions well under prescribed norms and becoming a zero – affluent discharge Company.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report [Annexure D(i)].

In terms of the provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of the report. [Annexure D(ii)].

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 (Non-Executive Director), retires by rotation at the ensuing 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.

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, 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 2017-18.

Accordingly, pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of its 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 2017-18 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; and

(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 Nomination and Remuneration Committee and the Board of Directors of the Company had laid down the process and criteria for annual performance evaluation of the Board, its Committees and individual Directors. The Board of Directors have carried out an evaluation of its own performance, its Committees and that of its individual Directors in compliance with the provisions of the Act and Listing Regulations.

The evaluation process covered aspects such as Board structure and composition, frequency of Board Meetings, participation in the long term strategic planning, contribution to and monitoring of corporate governance practices and the fulfilment of Directors' obligation and fiduciary responsibilities, including but not limited to, active participation at the Board and Committee meetings.

The Board at its meeting reviewed the performance of the Board as a whole, its Committees and individual Directors, taking into account feedback of the Nomination and Remuneration Committee and the Independent Directors which included the evaluation of the Chairman and Non- Independent Directors of the Company..

INDEPENDENT DIRECTORS' MEETING:

During the year under review, the Independent Directors met on March 10, 2018, 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.

Except Mr. Krishnava S. Dutt, 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, appointment and remuneration of Directors, Senior Management Personnel and Key Managerial Personnel ("KMP"). This Policy is described in the Corporate Governance Report.

KEY MANAGERIAL PERSONNEL:

The following are the Key Managerial Personnel of the Company:

1. Mr. Sanjay Kumar Pattnaik – Managing Director

2. Mr. S. K. Mishra – Chief Financial Officer

3. Mr. Sanjay Kasture – Chief Risk & Compliance Officer and Company Secretary

During the year, there was no change in the key managerial personnel of the company. The remuneration and other details of the Key Managerial Personnel for FY 2017-18 are provided in Annexure "G" - Extract of the Annual Return which forms part of this Directors' Report.

BOARD MEETINGS/ BOARD COMMITTEE MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year six (6) meetings each of Board and Audit Committee meetings were held, details of which are given in the Corporate Governance Report. The intervening 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 the financial year 2017-18. The details of other Board Committee meetings held during the year are given in the Corporate Governance Report, which forms part of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFFERED 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 and 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 REPORT

The Management Discussion and Analysis Report for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, forms part of this Annual Report.

CORPORATE GOVERNANCE REPORT

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

AUDITORS

(a) Statutory Auditors

Pursuant to the provisions of Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014, as mended from time to time, Messrs Price Waterhouse & Co. Chartered Accountants LLP (Firm Registration Number: 304026E / E300009) ('PWC'), were appointed as statutory auditors from the conclusion of the Thirty-fourth Annual General Meeting (AGM) held on August 04, 2017 till the conclusion of the Thirty-ninth AGM of the Company in 2022, subject to the ratification of their appointment at every AGM, if required under law. Accordingly, necessary resolution for ratification of appointment of auditors is included in the Notice for this AGM.

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, the 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: 000001) as Cost Auditor to audit the cost statements of the Company for the financial year 2018-19. 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.

(C) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs S. M. Gupta & Company, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the financial year 2018-19.

The Secretarial Audit Report for the financial year 2017-18, is annexed herewith as **Annexure – F**.

COMMENTS ON AUDITORS` / SECRETARIAL AUDIT REPORT

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

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.

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.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY

Details of loans, guarantees or investments are given in the notes to financial statements.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORY BODIES/ COURTS

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

During the year under review, there has been no material changes and commitments affecting the financial position of the Company.

AWARDS

During the year, the following awards were received by the Company:

a) Received the "Pollution Control Appreciation Award 2017" by State Pollution Control Board, Odisha on September 14, 2017;
b) Conferred the "Kalinga Safety Gold Award" at the Odisha State Safety Conclave- 2017, Bhubaneswar on November 10, 2017;
c) Honoured with the prestigious BE Star Award as Leader in Customer Management category at Confederation of Indian Industries ('CII') on November 25, 2017

DEPOSITS

During the year, the Company has not accepted any "Deposits", as defined under the 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
sd/-
A.M. Misra
Chairman
(DIN:01477289)

Place : Kolkata
Date : April 17, 2018

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	106.01
5.	Reserves & surplus	10.00
6.	Total assets	117.88
7.	Total Liabilities	1.87*
8.	Investments	115.38
9.	Turnover	5.15
10.	Profit before taxation	2.24
11.	Provision for taxation	0.00
12.	Profit after taxation	2.24
13.	Proposed Dividend	NA
14.	% of shareholding	100%

* Note: This figure pertains to Current Liabilities

1. Names of subsidiaries which are yet to commence operations: TSIL Energy Limited
2. Names of subsidiaries which have been liquidated or sold during the year: N.A

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 or joint venture as at March 31, 2018.

For and on behalf of the board of directors

	sd/-	sd/-	sd/-	sd/-
	A. M. Misra	**Sanjay Kumar Pattnaik**	**S. K. Mishra**	**Sanjay Kasture**
Place : Kolkata	Chairman	Managing Director	Chief Financial Officer	Company Secretary
Date : April 17, 2018	DIN: 01477289	DIN: 00256832	PAN: ABXPM8635K	ACS: 24429

Annexure - B

Annual Report on Corporate Social Responsibility (CSR) Activities 2017-18. Pursuant to Section 135 of the Companies Act, 2013

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.**
   In line with the ethos of the House of Tatas, Tata Sponge has resolved to return to the society from what it earns. Through its current and future business activities, the company has ceaselessly strived in promoting & implementing collaborative ideas, in association with its beneficiary groups and in the process, has been able to establish an inclusive & harmonious periphery, in line with company's CSR objective "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. Company's CSR agenda is also aligned with the framework on Affirmative Action (AA) prepared by the Confederation of Indian Industry, which focuses on employment, employability, entrepreneurship, education and essential amenities.

   (For Company's CSR policy and details of various programs, please visit Company's website i.e. www.tatasponge.com, in the investor >corporate governance section)

2. **Composition of CSR Committee.**
   Mr. R. Ranganath - Non-executive, Non-independent - Chairman

   Mr. Manoj T. Thomas - Non-executive, Independent - Member

   Mr. S. K. Pattnaik - Executive, Non-independent - Member

3. **Average net profit of the company for last three financial years:**
   The average net profit for the past 3 financial years is Rs. 8721 lakhs.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**
   As per the prescribed CSR expenditure, two percent of the above works out to be Rs. 174 lakhs

5. **Details of CSR spent during the financial year.**
   (a) Total amount spent during the financial year: Rs. 180.46 lakhs

   (b) Amount unspent, if any: NA

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

S. 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 lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in lakhs)	Cumulative expenditure upto to the reporting period (Rs. in lakhs)	Amount spent: Direct or through implementing agency
1	Project: "**Swabhiman**":							
	1.1	In partnership with Govt. of Odisha, construction of about 1100 rural individual household toilets and bathrooms including water facilities in 5 villages of Birikla Panchyat. Implementation period : 6 years - *FY'15 to FY' 20*)	Preventive healthcare & sanitation	Local area: Five villages in Birikala Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	634.00	89.28	156.45	Implementing Agency: Gram Vikas, Bhubaneswar
2	Project: "**Jal Dhara**"							

Annexure - B

S. 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 lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in lakhs)	Cumulative expenditure upto to the reporting period (Rs. in lakhs)	Amount spent: Direct or through implementing agency
	2.1	Drinking water supply to Bileipada. Implementation period : 5 years i.e. *FY'15 to FY' 19*)	Safe Drinking water	Local area: Bileipada village in Birikala GP of Joda Block, Dist-Keonjhar, Odisha	140.00	1.78	124.00	Direct.
	2..2	Boring of Tube-wells, their Maintenance and Supply of Drinking Water Implementation period : 6 years - *FY'15 to FY' 20*	Safe Drinking water	Local Area: Birikala, Anseikala, Deojhar, Chamkpur & Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	44.02	2.24	19.47	Direct
3	Project: "**Prarambh**"							
	3.1	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 Implementation period : 5 years - *FY'15 to FY' 19*	Promoting Education	Local Area: Birikala, Anseikala, Deojhar, Chamakpur and Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	220.50	40.15	216.66	Direct
4	Project: "**Guru Dikashya**"							
	4.1	Bringing technology to schools-Digitised Equalizer Computer education Implementation period : 3 Years - *FY'16 to FY' 18*	Promoting Education	Local Area: Seven blocks of Keonjhar district, Odisha	60.00	5.78	61.63	Implementing Agency: American India Foundation Trust
5	Project: "**Vidyarthi**"							
	5.1	Promoting science education amongst the school children through science exhibition, talks, books, etc. Implementation Period : 5 years - *FY'15 to FY' 19*	Promoting Education	Local Area:	45.00	8.89	31.87	Direct
	5.2	Training of teachers on interactive learning and Discovering Science Implementation Period :5 years i.e. *FY'15 to FY' 19)*	Promoting Education	5 GPs in Joda Block of Keonjhar district, Odisha	5.00	0.00	1.14	Direct
	5.3	Construction, Repair, renovation of school buildings and Infrastructure support Implementation Period : 5 years - *FY'15 to FY' 19*	Promoting Education	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha)	40.00	0.00	29.43	Direct
6	Project: "**Prochhahan**"							

TATA SPONGE IRON LIMITED

Annexure - B

S. 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 lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in lakhs)	Cumulative expenditure upto to the reporting period (Rs. in lakhs)	Amount spent: Direct or through implementing agency
		Promoting higher studies – Scholarship for poor & meritorious students Implementation Period : 5 years - *FY'15 to FY' 19*	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	1.95	8.31	Direct
7	Project: "**Krida**":							
	7.1	Coaching of both outdoor & indoor sports like; Football, Cricket, carom, etc. and support of spots materials, prizes, coach fee and other support items. Implementation Period : 5 years - *FY'15 to FY' 19*	Promote Rural Sports	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha)	6.50	1.94	4.80	Direct
8	Project: "**Ama Sanskriti**":							
	8.1	Promotion of Tribal Culture, Renovation of Cultural centers etc. Implementation Period : 5 years i.e. FY'15 to FY' 19	Protection of Culture	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha)	11.50	2.97	9.38	Direct
9	Project: "**Sakshyam**":							
	9.1	Provide on the job training with stipend to 10 ST/SC ITI Trade Apprentices and SHG Entrepreneurship development Implementation Period : 5 years i.e. FY'15 to FY' 19	Livelihood Enhance-ment	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha)	21.00	4.95	20.18	Direct
10	Project: "**Prakriti**":							
	10.1	Plantation and afforestation. Implementation Period : 5 years i.e. *FY'15 to FY' 19*	Environmental Sustainability	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district and Chendipada of Angul district of Odisha	50.00	8.88	42.18	Direct
	10.2	Reclamation of land Implementation Period : 5 years i.e. *FY'15 to FY' 19*	Environmental Sustain-ability	Local Area: Joda Block, Keonjhar District	35.00	0.00	15.01	Direct
11	Project: "**Touching the lives**"							

Annexure - B

S. 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 lakhs)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (Rs. in lakhs)	Cumulative expenditure upto to the reporting period (Rs. in lakhs)	Amount spent: Direct or through implementing agency
	11.1	"**Jagruti**": Swachh Bharat Abhiyan, School enrollment & Child labour eradication Campaign, Environment protection, HIV/AIDS prevention, Road safety, TVW, Tata Sustainability Month Prog; mmunization drive, etc. Implementation Period : 5 years i.e. *FY'15 to FY' 19*	Promoting Education	Local area: Birikala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	17.60	2.04	14.21	Direct
12		"**Upakaran**" Providing peripherals for the promotion of Educatio Implementation Period : *FY'18*	Promoting Education	Local area: Birikala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	4.00	3.35	3.35	Direct
13		"**Upachar**" Conducting health camps Implementation Period : *FY'18*	Preventive healthcare & sanitation	Local area: Birikala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	1.50	1.28	1.28	Direct
14		"**Seva**" Associate Govt authorities in a few social activities Implementation Period : *FY'18*	Rural Developm-ent	Local area: Birikala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	5.00	4.98	4.98	Partner the local Govt officials
				Total Programme Expenditure	**1,494.44**	**180.46**	**904.61**	

* **Note**: As mentioned above, years of completion for various Projects/ Programmes/ Schemes differ and the amount outlay shown in the columns are for the entire period of the project.

Annexure - B

Details of implementing agency:

i. 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 ~1100 families living in 5 surrounding villages of the company.

ii. 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 (Computer Aided Learning) and 14 Non Cal Schools in Keonjhar District of Odisha

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.

sd/-
Mr. R. Ranganath
Chairman- CSR Committee
DIN: 06725337

sd/-
Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

Place : Kolkata
Date : April 17, 2018

Annexure - C

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

(A) Conservation of Energy

i. Steps taken to improve energy efficiency:

- Use of best maintenance practices to improve equipment availability;
- Regularly monitoring & analyzing energy consumption data at Senior management level;
- Implemented model based operational approach using modern tools & technique such as Artificial Neural Network, Multi Linear Regression and Non Linear regression, Fuzzy rule based expert system and simultaneous Heat & Mass balance to get strong relations between various variables parameter to control Accretion formation and consistent in desired quality.

ii. Steps taken to reduce specific energy consumption:

- Use of low emissive castable to reduce kiln shell radiation loss;
- Replacing existing street light fittings with energy efficient LED fittings;
- Use of char (waste material) to reduce coal consumption;
- Use of coal briquetting.

B) Technology absorption:

i) Efforts in brief, made towards technology absorption in FY 2017-18 – 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 endeavoring 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 therefor and the plan of action	:	**Not applicable.**

iv) Expenditure incurred on Research and Development : **Rs. 11.40 Lakhs**

C) Foreign Exchange Earning and Outgo:

The details of foreign exchange earnings and outgo are as follows:

Earnings	:	NIL
Outgo	:	Rs. 2,05,37,06,170

On behalf of the Board of Directors
sd/-
A.M.Misra
Chairman
DIN: 01477289

Place : Kolkata
Date : April 17, 2018

Annexure - D(i)

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

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Sl. No.	Name of the Director	Designation	Ratio of remuneration of each director to the median remuneration of employees
1.	Mr. A. M. Misra	Chairman	51.93
2.	Mr. D. K. Banerjee	Non-executive & Independent	61.89
3.	Mr. P. C. Parakh	Non-executive & Independent	44.58
4.	Mr. Manoj T. Thomas	Non-executive & Independent	59.84
5.	Dr. Omkar Nath Mohanty	Non-executive & Independent	53.57
6.	Mr. Krishnava S. Dutt	Non-executive & Independent	139.90
7.	Mr. R. Ranganath*	Non-executive & Non-Independent	NA
8.	Mrs. Meena Lall*	Non-executive & Non-Independent	NA
9.	Mr. Sanjay Kumar Pattnaik	Managing Director (Executive and Non-Independent)	NA

2. The percentage increase in remuneration of each Director:

(Rs. in lakhs)

Sl. No.	Name of the Director	Designation	Current Year (2017-18)	Previous Year (2016-17)	Difference	% Increase/ Decrease
A.	**Commission**					
1.	Mr. A. M. Misra	Chairman	7.83	7.71	0.12	1.56
2.	Mr. D. K. Banerjee	Non-executive & Independent	5.65	5.82	(0.17)	(2.92)
3.	Mr. P. C. Parakh	Non-executive & Independent	8.70	6.95	1.75	25.18
4.	Mr. Manoj T. Thomas	Non-executive & Independent	6.09	6.13	(0.04)	(0.65)
5.	Dr. Omkar Nath Mohanty	Non-executive & Independent	6.52	5.11	1.41	27.59
6.	Mr. Krishnava S. Dutt	Non-executive & Independent	2.61	3.11	(0.5)	16.08
7.	Mr. R. Ranganath*	Non-executive & Non-Independent	NA			
8.	Mrs. Meena Lall*	Non-executive & Non-Independent	NA			
B.	**Sitting Fees**					
1.	Mr. A. M. Misra	Chairman	2.30	2.50	(0.2)	(8.00)
2.	Mr. D. K. Banerjee	Non-executive & Independent	2.85	3.20	(0.35)	(10.94)
3.	Mr. P. C. Parakh	Non-executive & Independent	3.10	2.90	0.2	6.90
4.	Mr. Manoj T. Thomas	Non-executive & Independent	2.70	2.90	(0.2)	(6.90)
5.	Dr. Omkar Nath Mohanty	Non-executive & Independent	3.30	3.10	0.2	6.45
6.	Mr. Krishnava S. Dutt	Non-executive & Independent	1.15	1.85	(0.7)	(37.84)
7.	Mr. R. Ranganath*	Non-executive & Non-Independent	NA	0.45	-	-
8.	Mrs. Meena Lall*	Non-executive & Non-Independent	NA	0.25	-	-

Annexure - D(i)

3. The percentage increase in remuneration of Managing Director, Chief Financial Officer and Company Secretary:

(Rs. in lakhs)

Sl. No.	Name of the Director	Designation	Current Year (2017-18)	Previous Year (2016-17)	Difference	% increase
1.	Mr. Sanjay Kumar Pattnaik	Managing Director	201.77	163.01	38.77	23.78
2.	Mr. S. K. Mishra	Chief Financial Officer	62.18	57.52	4.66	8.10
3.	Mr. Sanjay Kasture	Chief Risk & Compliance Officer and Company Secretary	25.18	21.12	4.06	19.19

Notes:

*Mr. R. Ranganath and Mrs. Meena Lall have waived their sitting fees and commission entitlement for FY' 2017-18.

The previous year`s figures have been reclassified wherever necessary to make it comparable in line with current year`s figures.

4. The percentage increase in the median remuneration of employees in the financial year: 4.44

5. The number of permanent employees on the rolls of Company: 397

6. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

During the year, the total increase in remuneration is approximately 4.37%

Increase /Decrease in the managerial remuneration for the year: (21.79%)

7. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

Annexure - D(ii)

A. Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rule, 2014 Top 10 employees in terms of remuneration drawn during the year (2017-18)

Sl. No.	Name of Employee	Designation	Remuneration (Rs. in lakhs)	Nature of Employment	Total Experience	Date of Commencement of Employment	Previous Employment and designation
1.	Mr. Sanjay Kumar Pattnaik	Managing Director	201.78	Contractual	B.E.(Mining Engineering), 35 years	16.08.2014	Executive Director, Tata Sponge Iron Limited
2.	Mr. Ujjwal Chatterjee	Chief Business Development Officer	66.68	Permanent	B.E.(Mechanical Engineering), 33 years	29.11.2006	General Manager (Plant & Machinery), Reliance Industries
3.	Mr. Partha Chattopadhyay	Chief Operating Officer	62.34	Permanent	B.E.(Electrical Engineering), 35 years	20.07.2010	Executive Incharge (REDI-SBU), Tata Metaliks
4.	Mr. S.K. Mishra	Chief Financial Officer	62.18	Permanent	CMA, LLB, 30 years	01.01.1988	-
5.	Mr. M.K. Sheshadri	Chief Marketing & Sales	49.58	Permanent	M.Tech, 33 years	06.07.1998	Chief Manager Bihar Sponge
6.	Mr. T.P. Dash	Chief – Supply Chain Management	48.13	Permanent	M.Phil, 33 years	16.01.1985	-
7.	Mr. R.K. Manchanda	Chief – Maintenance	42.34	Permanent	B.Sc.(Electrical Engineering), 30 years	02.09.1996	Manager (Instrumentation) Bihar Sponge
8.	Mr. R.N. Panda	Chief – Finance & Accounts	40.97	Permanent	C.A., MBA, 23 years	02.02.2013	General Manager (F & A), Utkal Alumina International Ltd.
9.	Mr. Kundan Kumar	Chief –Raw Material Strategy Task Force	39.03	Permanent	B.Sc(Mining Engineering), 18 years	22.03.2011	AGM (Mining) Vandana Global
10.	Mr. R. Somnath	Chief – Sustainability, Strategy and Business Excellence	35.87	Permanent	MBA, 35 years	01.03.1983	-

B. Names of employees who are in receipt of aggregate remuneration not less than rupees one crore and two lakhs during the financial year 2017-18

Sl. No.	Name of Employee	Designation	Remuneration (Rs. in lakhs)	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Previous Employment and designation
1.	Mr. Sanjay Kumar Pattnaik	Managing Director	201.77	Contractual	B.E.(Mining Engineering)	16.08.2014	Executive Director, Tata Sponge Iron Limited

Notes:

1. None of the employees mentioned above is a relative of any Director of the Company.

On behalf of the Board of Directors
sd/-
A.M.Misra
Chairman
DIN: 01477289

Place : Kolkata
Date : April 17, 2018

Annexure - E

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 2017-18.

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

Sl No	Description	Particulars		
1	Name of the related party and nature of the relationship	Tata Steel Limited	Tata International Singapore PTE Ltd	Tata International Limited
2	Nature of contract / arrangement / transactions	Purchase of Iron Ore and Sale of Power	Purchase of Imported Coal	Sale of Sponge Iron
3	Duration of contract / arrangement / transactions	Long term arrangements	Annual arrangements	Spot arrangements
4	Salient terms of the Contract / arrangement / transactions including the value, if any :	The Company purchases iron ore on the latest auction price of Odisha Mining Corporation (OMC) for Barbil sector. In the absence of auction price of Barbil sector, Gandhmardan sector auction price is considered as base/ indicative. The Company also sells power to Tata Steel Limited.	The Company procures coal on the basis of API4 index. Freight & insurance are at prevailing market conditions.	The Company sells sponge iron to Tata International Limited.
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	Not applicable, since all contracts were entered into in the ordinary course of business and at arm`s length basis	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	NIL	NIL

On behalf of the Board of Directors
sd/-
A.M.Misra
Chairman
DIN: 01477289

Place : Kolkata
Date : April 17, 2018

Annexure -F

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED – 31.03.2018
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
TATA SPONGE IRON LIMITED
P.O Joda, Keonjhar
Orissa-758034

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 31.03.2018 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 T**ATA SPONGE IRON LIMITED** for the financial year ended on 31.03.2018 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—

a) The Factories Act, 1948.

b) Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

c) The Water (Prevention and Control of Pollution) Act, 1974.

d) The Air (Prevention and Control of Pollution) Act, 1981.

e) The Mines and Minerals (Development and Regulation) Act, 1957.

f) The Industrial Disputes Act, 1947.

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

i. Secretarial Standards issued by the Institute of Company Secretaries of India;

ii. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

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 -

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors and the changes in the composition of Board of

Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

2. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

4. Based on the compliance mechanism established by the Company and on the basis of the certificates placed before the Board and taken on record by the Directors at their meetings, we are of the opinion that the company has adequate systems and processes commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and the Company has complied with the applicable laws, as reported to us.

We further report that, as informed to us, the company has had the following updation in the matter of De-allocation of coal block:-

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 performanxce 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. The Company did not receive any communication as per the directives of Hon'ble High Court. After 30 November, 2015 the bank guarantee period was expired. Upon non receipt of communication from MoC, the Company did not renew the bank guarantee. Subsequently, MoC issued a notice dated 28 December, 2015 stating 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 finalization of the matter, the amount continues to be disclosed as a contingent liability.

B. (i) During pendency of the aforesaid matter 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 expenditure incurred on the Radhikapur (East) Coal Block as on 31 March, 2018 aggregates to Rs 18,040.96 Lakhs (31 March, 2017 : Rs 18,040.96 Lakhs)

(ii) "Pursuant to the judgement of Hon`ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provisions) 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 the judgement dated 9th March, 2017, of the Hon`ble High Court of Delhi in W.P. (c) 973/2015, the Nominated Authority MoC vide its letter dated 1 February, 2018, the Company has furnished the required statement of expenses and other details in the prescribed format on 22 February, 2018. Based on the Rules and necessary legal opinion obtained by the Company, no provision is considered necessary".

We further report that :-

a) The Equity shares of the Company has been upgraded to Group "A" category from July 17, 2017 by the BSE Limited.

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 other law which may be applicable to the Company except the aforementioned corporate laws of the Union of India.

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

Place : Kolkata
Date : April 17, 2018

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

Annexure to the Secretarial Audit Report

To,
The Members,
TATA SPONGE IRON LIMITED
P.O Joda, Keonjhar
Orissa-758034

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

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

Place : Kolkata
Date : April 17, 2018

Annexure - G

FORM NO. MGT - 9

Extract of Annual Return

As on March 31, 2018

[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	July 31, 1982
iii	Name of the Company	Tata Sponge Iron Limited
iv	Category / Sub-Category of the Company	Public listed Company having share capital
v	Address of the Registered office and contact details	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	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	93.21%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name of the Company	Address	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Tata Steel Limited	Bombay House, 24 – Homi Mody Street, Fort, Mumbai - 400001	L27100MH1907PLC000260	Holding	54.5%	2(46)
2	TSIL Energy Limited	Tata Sponge Administrative Building, Bileipada, P.O. - Baneikala, Joda, Odisha - 758038	U40109OR2012PLC016232	Subsidiary	100%	2(87)(ii)

Annexure - G

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 April 1, 2017)				No. of Shares held at the end of the year (as on March 31, 2018)				% 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	83,93,554	0	83,93,554	54.5	83,93,554	0	83,93,554	54.5	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)	**83,93,554**	**0**	**83,93,554**	**54.5**	**83,93,554**	**0**	**83,93,554**	**54.5**	**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)	**83,93,554**	**0**	**83,93,554**	**54.5**	**83,93,554**	**0**	**83,93,554**	**54.5**	**0**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	8,479	3,500	11,979	0.08	8,250	3,000	11,250	0.07	0
b) Banks / FI	14,404	5,750	20,154	0.13	21,324	5,200	26,524	0.17	0.04
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	1,00,000	0	1,00,000	0.65	1,00,900	0	1,00,900	0.66	0.01
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)									
Foreign Portfolio Investors (Corp.)	9,20,399	0	9,20,399	5.98	13,42,226	0	13,42,226	8.72	2.74
Sub-Total (B)(1)	**10,43,282**	**9,250**	**10,52,532**	**6.83**	**14,72,700**	**8,200**	**14,80,900**	**9.62**	**2.78**
(2) Non-Institutions									
a) Bodies Corporate									
i) Indian	7,30,675	9,350	7,40,025	4.81	5,60,260	7,100	5,67,360	3.68	-1.12
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual Shareholders holding nominal share capital up to Rs.1 lakh	36,72,378	8,55,207	45,27,585	29.40	34,45,212	6,63,682	41,08,894	26.68	-2.72
ii) Individual Shareholders holding nominal share capital in excess of Rs.1 lakh	6,82,404	0	6,82,404	4.43	6,89,750	0	6,89,750	4.48	0.05
c) Others(specify)									
Trust	3,900	0	3,900	0.03	3,700	0	3,700	0.02	0.00
IEPF	0	0	0	0	1,55,842	0	1,55,842	1.01	1.01
Sub-Total (B)(2)	**50,89,357**	**8,64,557**	**59,53,914**	**38.66**	**48,54,764**	**6,70,782**	**55,25,546**	**35.88**	**-2.78**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**61,32,639**	**8,73,807**	**70,06,446**	**45.50**	**63,27,464**	**6,78,982**	**70,06,446**	**45.50**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**1,45,26,193**	**8,73,807**	**1,54,00,000**	**100.00**	**1,47,21,018**	**6,78,982**	**15,400,000**	**100.00**	**0**

(i) Shareholding of Promoters

Sl. No	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in shareholding during the year
1	Tata Steel Limited	83,93,554	54.50	0	83,93,554	54.50	0	0
	Total	**83,93,554**	**54.50**	**0**	**83,93,554**	**54.50**	**0**	**0**

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

There was no change in the Promoters' Shareholding during the financial year ended March 31, 2018. The shareholding of promoters is same as mentioned above in the shareholding pattern.

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

Sl.No	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**HSBC Global Investment Funds – Asia Ex Japan Equity Smaller Companies**				
	At the beginning of the year	4,59,306	2.98	4,59,306	2.98
	Bought during the year	2,43,232	1.58	7,02,538	4.56
	Sold during the year	(1,01,249)	(0.66)	6,01,289	3.90
	At the end of the year	6,01,289	3.90	6,01,289	3.90
2	**Investor Education and Protection Fund Authority – Ministry of Corporate Affairs**				
	At the beginning of the year	0	0	0	0
	Bought during the year	1,55,842	1.01	1,55,842	1.01
	Sold during the year	0	0	1,55,842	1.01
	At the end of the year	1,55,842	1.01	1,55,842	1.01
3	**AJO Emerging Markets Small Cap Master Fund Limited**				
	At the beginning of the year	0	0	0	0
	Bought during the year	2,68,986	1.75	2,68,986	1.75
	Sold during the year	(1,52,853)	(0.99)	1,16,133	0.75
	At the end of the year	1,16,133	0.75	1,16,133	0.75
4	**General Insurance Corporation of India**				
	At the beginning of the year	1,00,000	0.65	1,00,000	0.65
	Bought during the year	0	0	1,00,000	0.65
	Sold during the year	0	0	1,00,000	0.65
	At the end of the year	1,00,000	0.65	1,00,000	0.65
5	**Ajay Hari Dalmia**				
	At the beginning of the year	95,783	0.62	95,783	0.62
	Bought during the year	0	0	95,783	0.62
	Sold during the year	(7,950)	(0.05)	87,833	0.57
	At the end of the year	87,833	0.57	87,833	0.57
6	**Sanjeev Vinodchandra Parekh**				
	At the beginning of the year	82,564	0.54	82,564	0.54
	Bought during the year	0	0	82,564	0.54
	Sold during the year	0	0	82,564	0.54
	At the end of the year	82,564	0.54	82,564	0.54

Annexure - G

Sl.No	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7	**Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc. (DFAIDG)**				
	At the beginning of the year	40,502	0.26	40,502	0.26
	Bought during the year	26,419	0.17	66,921	0.43
	Sold during the year	0	0	66,921	0.43
	At the end of the year	40,502	0.26	66,921	0.43
8	**Missouri Local Government Employees Retirement System**				
	At the beginning of the year	0	0	0	0
	Bought during the year	1,25,322	0.81	1,25,322	0.81
	Sold during the year	(62,906)	(0.41)	62,416	0.41
	At the end of the year	62,416	0.41	62,416	0.41
9	**Dolly Khanna**				
	At the beginning of the year	5,898	0.04	5,898	0.04
	Bought during the year	44,932	0.29	50,830	0.33
	Sold during the year	0	0.00	50830	0.33
	At the end of the year	50,830	0.33	50,830	0.33
10	**Morgan Stanley (France) S.A.**				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	1,15,889	0.75	1,15,889	0.75
	Sold during the year	(68,277)	(0.44)	47,612	0.31
	At the end of the year	47612	0.31	47612	0.31
11	**Edelweiss Custodial Services Limited**				
	At the beginning of the year	56,292	0.37	56,292	0.37
	Bought during the year	1,32,712	0.86	1,89,004	1.23
	Sold during the year	(1,44,859)	(0.94)	44,145	0.29
	At the end of the year	44,145	0.29	44,145	0.29
12	**Globeflex Emerging Markets Small Cap, L.P.**				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	44,100	0.29	44,100	0.29
	Sold during the year	0	0.00	44,100	0.29
	At the end of the year	44,100	0.29	44,100	0.29
13	**Vikram Singh Mauli Singh Negi**				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	42,138	0.27	42,138	0.27
	Sold during the year	(225)	0.00	41,913	0.27
	At the end of the year	41,913	0.27	41,913	0.27
14	**MV SCIF Mauritius**				
	At the beginning of the year	34,135	0.22	34,135	0.22
	Bought during the year	18,233	0.12	52,368	0.34
	Sold during the year	(12,172)	(0.08)	40,196	0.26
	At the end of the year	40,196	0.26	40,196	0.26
15	**Gurvinder Kaur Minhas**				
	At the beginning of the year	37,661	0.24	37,661	0.24
	Bought during the year	0	0.00	37,661	0.24
	Sold during the year	0	0.00	37,661	0.24
	At the end of the year	37,661	0.24	37,661	0.24

(iv) Shareholding of Directors and Key Managerial Personnel

Sl. No	Name of Directors/ Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Directors[1]	-		-	
	Key Managerial Personnel[3]				
	Mr. S. K. Mishra (CFO)	50	Refer Note 2 below	50	Refer Note 2 below

Note:

1 None of the Directors of the Company held shares of the Company during the year.

2 This is less than 0.01% of the total shares of the Company.

3 Mr. Sanjay Kasture, Chief Risk & Compliance Officer and Company Secretary, held no shares of the Company during the year.

V. INDEBTEDNESS

There were no Loans (Secured and Unsecured) and Deposits existing during the financial year ended March 31, 2018.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Rs. in lakhs

Sl. No.	Particulars of Remuneration	Mr. S. K. Pattnaik Managing Director
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	107.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3.81
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0
2	Stock Option	-
3	Sweat Equity	NA
4	Commission	
	* As % of profit	-
	* Others, specify	65.00
5	Others, please specify	
	(i) Retirals	25.65
	Total (A)	**201.77**

B. Remuneration to other directors:

1. Independent Directors

[Rs. In lakh]

Sl. No.	Particulars of Remuneration	Name of Director					
		Mr. D. K. Banerjee	Mr. P. C. Parakh	Mr. Manoj T. Thomas	Dr. Omkar Nath Mohanty	Mr. Krishnava S. Dutt	Total amount
1.	Fee for attending Board/Committee meetings	2.85	3.10	2.70	3.30	1.15	13.10
2.	Commission	5.65	8.70	6.09	6.52	2.61	29.57
3.	Others, please specify	-	-	-	-	-	-
Total (B)(1)		**8.5**	**11.80**	**8.79**	**9.82**	**3.76**	**42.67**

Annexure - G

2. Other 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	2.30	-	-	2.30
2.	Commission	7.83	-	-	7.83
3.	Others, please specify	-	-	-	-
Total (B)(2)		**10.13**	**-**	**-**	**10.13**
Total [(B)(1)+(B)(2)]					**52.80**

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

[Rs. In lakh]

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mr. S. K. Mishra Chief Financial Officer	Mr. Sanjay Kasture Chief Risk & Compliance Officer and Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1951	24.33	14.36	38.69
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1951	4.94	2.82	7.76
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1951	-	-	-
2	Stock Options	NA	NA	NA
3	Sweat Equity	NA	NA	NA
4	Commission			
	- As % of profit	-	-	-
	- Others (Performance pay)	23.29	6.70	29.99
	Others (Retirals)	9.62	1.30	10.92
Total (C)		**62.18**	**25.18**	**87.36**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties/ punishments/ compounding of offences for the financial year ended March 31, 2018.

sd/-
Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

sd/-
Sanjay Kasture
Chief Risk & Compliance Officer
and Company Secretary
ACS: 24429

Place : Kolkata
Date : April 17, 2018

TATA SPONGE IRON LIMITED

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, 2018, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For **TATA SPONGE IRON LIMITED**
sd/-
(Sanjay Kumar Pattnaik)
Managing Director
(DIN: 00256832)

Place : Kolkata
Date : April 17, 2018

Management Discussion & Analysis

INSIGHTS ON GLOBAL ECONOMY

In FY 2017-18, the global economic activity continued to firm up. As per the International Monetary Fund (IMF), the global output is estimated to have grown by 3.7% in 2017, which is 0.5 percentage point higher than in 2016. The pickup in growth has been broad based, with noteworthy upside developments in Europe and Asia. The forecasts for global growth in 2018 and 2019 is upward at 3.9%. This forecast reflects the increased global growth momentum.

The growth momentum is expected to be stimulated by the U.S tax policy changes, with increased investment response in the U.S. It estimated that the growth rate in the U.S will be positive through 2020. Growth rates for many of the euro area economies have been picking up, especially for Germany, Italy, and the Netherlands. This, in turn, reflects the stronger momentum in domestic demand and higher external demand. However, the growth is expected to moderate gradually in China.

In the near term, the risks to the global growth forecast appear to be balanced, however, some of the inward-looking policies, geopolitical tensions and political uncertainty in some countries could pose downside risks.

The current cyclical upswing presents an opportunity for reforms to boost potential output and making growth inclusive.

Global growth trend (%)

	2016 (E)	2017 (E)	2018 (P)	2019 (P)
World Output	3.2	3.7	3.9	3.9
Advanced economies	1.7	2.3	2.3	2.2
Emerging market and developing economies	4.4	4.7	4.9	5.0

Source: International Monetary Fund (IMF) | E: Estimate | P: Projection

INDIAN ECONOMIC OVERVIEW

India is going through a lot of structural reforms. The government has taken strides towards reviving the agricultural sector and boost Micro, Small and Medium Enterprises (MSMEs) growth, facilitating tax reform (GST), drive infrastructure growth and enhancing financial inclusion. India is steadily moving towards sustaining growth in the near and long-term.

In the backdrop of the structural reforms, the international credit rating agency Moody's upgraded India's credit ratings to Baa2 from Baa3 after a gap of around 13 years. The Economic Survey of India 2017-18, projects Indian economy to grow at 6.5% during FY 2017-18, with FY 2018-19 growth expected to be around 7 to 7.5%. Moreover, the country was ranked at the hundredth position, registering an improvement of 30 places, in the World Bank's Ease of Doing Business (EoDB) 2017 report.

Additionally, some improvements on the industry sector emanated from a steady rise in utilities and a revival in manufacturing activity. This turnaround in production levels is possibly a reflection of growing consumption demand.

Some of the policy reforms and actions that have fuelled this growth are:

Impetus on infrastructure growth

The Government is focussed on strengthening the key pillars of the economy, agriculture, healthcare and infrastructure. To boost road infrastructure in the country and foster job creation, the Government of India (GoI) announced an investment outlay of INR 6.9 lakh crore to construct 83, 677 km of road network, over a period of five years. The Government estimates that around USD 4.5 trillion worth of investments are required by India till 2040 to develop infrastructure to improve economic growth and community well-being.

Growing potential of the rural economy

The Government of India has taken numerous initiatives for boosting rural economy and demand. Some of these schemes include plans of spending INR 14.34 lakh crore (trillion) in rural infrastructure and livelihood spending. It also includes the increase in the minimum support price of crops to at least 1.5 times their production cost. Rural economy being agriculture-based, this will give a huge impetus to rural growth and demand.

Thrust to the Micro, Small and Medium Enterprises

The 2018-19 Budget of the Government of India has given a big thrust to Micro, Small and Medium Enterprises (MSMEs) sector to boost employment and economic growth. The government has made allocation worth Rs 3794 crore to the MSME sector for credit support, capital and interest subsidy on innovation. With the tax reforms, the businesses of MSMEs are increasingly formalised, which will generate substantial information for MSMEs and help in financing them.

Supportive policy environment:

i) Goods and Services tax

The Goods and Services Tax was launched in July 2017 with the aim to consolidate all other indirect tax laws, except a few and also to bring a harmonised tax structure and uniform compliance practices both by regulators and businesses. Post GST implementation, India's tax net expanded by 50%. GST is expected to bring various benefits to businesses and consumers such as compliance, input tax credits, reduced logistic costs and a transportation tax regime.

ii) Insolvency and bankruptcy code

Launched in December 2016, the code is a one-stop solution for resolving insolvencies which at present is a long process and does not offer an economically viable arrangement. The code will be able to protect the interests of small investors and make the process of doing business simpler.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Steel is one of the most important products of the modern world and is of strategic importance to any industrial nation. From construction, industrial machinery and transportation to consumer products, steel finds a wide variety of applications. It is also an industry with diverse production-technologies based on the nature and extent of use of raw materials. It is often said that steel industry is the barometer of the economic health of the nation, at least in the early stages of economic development.

Domestic steel market has overcome the effects of glut in the market due to cheap imports mainly from China; industry is back to profitability on increased demand in domestic market aided by strong exports. Steel industry has turned around during FY 2017-18 when compared to two preceding years.

As per the international rating agency Moody's, among the major steel-producing Asian countries, operating conditions will be the most supportive in India, because of the robust domestic demand and protectionist measures. This is despite an increase in raw material prices and new capacity additions

A supportive policy environment and improved performance in the steel industry, Indian sponge iron industry has got a big boost. As, sponge iron contributes to 23% of India's total crude steel production of 97MT.

India is world's largest sponge iron producer with an annual installed capacity of 46-47 MT. There are over 400 sponge iron units in India.

Indian sponge iron industry is highly fragmented. Top 20 producers contribute about 60-65% of total production whereas rest contribute 35-40% of the production.

During FY2018-19, domestic sponge iron production is expected to increase by 10% and its total production is likely to cross 23 MT. This has become possible mainly due to increased availability of iron ore at competitive prices; iron ore pellet supplies have also eased out and has supported sponge iron industry.

Globally too, due to positive sentiments in the steel market, sponge iron production has increased during 2018 to 73 MT from 72.76 MT during 2017. A significant development on the DRI scenario, is the rapid strides Iran has made in recent years. With an output of 20.5 MT (a rise of 6 %) in the calendar year 2017, it stood second to India that produced 25.8 MT (a drop of 8 %), according to WSI. With the new DRI plants coming up that uses the PERED (joint Iranian – German) technology, Iran is billed to become the top producer of DRI in the world soon. India needs to come up with DRI production that must be competitive by global standard and is environmentally friendly.

India is set to become the second largest steel producer in the world as economic growth drives the demand; this is evident from the keen interest and competition seen in acquiring the stressed companies in the steel sector.

Overall during the next few years, we can expect a competitive, robust and consolidated steel sector in India.

Opportunities

Sponge Iron is no longer considered as an alternative to scrap rather considered as a raw material for steel making in electric furnaces. It is being used as a principle raw material and is charged at 40-80% of the charge mix in furnaces. India has abundant reserves of iron ore and non-coking coal suitable for sponge iron making and it has been a major factor in the establishment of the industry.

As per the National steel policy crafted during FY 2017-18, the crude steel production target for India is set at 300 MT by 2030. Share of sponge iron in steel making will be 80MT, which will create huge opportunity for sponge iron industry.

Threats

Presently there are no visible threats in the short and medium term in the sponge iron industry. However availability of key raw materials and environmental concerns might pose significant challenge in the future.

Outlook

The domestic consumption story is positive as is evident in the demand pull visible in automobile and other sectors. Government is also driving the economy by investing in housing, roads, and ports and in other infrastructure projects.

Favourable domestic demand and remunerative prices in both domestic and international markets are likely to bolster steel production further in the years to come, resulting into more demand for sponge iron.

SEGMENT-WISE AND PRODUCT-WISE PERFORMANCE

The Company has two separate business segments -- manufacturing of sponge iron, and generation of power. These are reportable segments in accordance with the Accounting Standard 17 issued by the Companies (Accounting Standards), Rules, 2006. During the year (FY 2017-18) the kilns produced 4,17,094 MT of Sponge Iron (at 107% of designed capacity) which is higher by 7% as compared to 3,90,000 MT of Sponge iron production during the previous year (FY 2016-17). The daily average production rate during the year was 1274 MT/day.

The sale of sponge iron has been 4,13,506 MT which is higher by 5% as against the sale of 392,782 MT during previous year. The product dispatch through containerised rakes has been improved further to meet the customer requirement and contain cost.

During the year the total generation of power has been 199.24 MU as compared to 185.47 MU during the previous year which is an increase of 7.56% and export was 143 MU as compared to 132 MU during FY 2016-17 which is an increase by 8%.

Operational and financial performance

The Operational and Financial performance of the Company (stand-alone) during FY 2017-18, has been summarised in the table below followed by explanatory remarks for significant changes in FY 2017-18, compared to previous year.

Operational Performance

Manufacture of Sponge Iron

Particulars	FY 2017-18	Capacity Utilisation %	FY 2016-17	Capacity Utilisation %	Change	Change %
Production (in MT)	4,17,094	107	3,90,000	100	27,094	7%
Sale (in MT)	4,13,506		392,782		20,724	5%

Electrical Energy

Particulars	FY 2017-18 MU	FY 2016-17 MU	Change MU	Change %
Generation	199.24	185.47	13.77	7%
Sale	143.68	132.49	11	8%

Financial Performance

[Rs. In lakh]

Particulars	FY 2017-18	FY 2016-17	Change	Change %	Reason
Total Income	85,966	65,218	20,748	32	1
Consumption of Raw material	50,058	36,968	(13,090)	(35)	2
Employee Cost	4,180	4,631	451	10	3
Other Expenses	7,979	7,641	(338)	(4)	
Depreciation and amortisation expenses	1,230	1,276	46	4	
Finance Cost	325	244	(81)	(33)	4
Profit Before Tax	21,018	8,347	12,671	152	5
Profit after tax	14,086	5,874	8,212	140	5
Earnings per share (Rs.)	91.47	38.14	53.33	140	
Reserves & Surplus	97,103	84,945	12,158	14	
Current Liabilities	19,814	14,908	(4,906)	(33)	
Net Fixed Assets	15,482	16,034	(552)	(3)	
Current Assets	71,945	67,036	4,909	7	

Figures in bracket denote adverse change.

1. Total income increased by 32% mainly due to increase in Net Realisation (NR) of sponge iron
2. Consumption of raw material increased by 35% mainly due to increase in landed cost of raw materials
3. Employee cost decreased by 10% mainly due to retiral provision of Ex-Managing director last year.
4. Finance cost increased by 33 % mainly due to provision for interest on income tax.
5. Higher Profit before tax and Profit after tax are mainly due to higher net realization of sponge iron.

Risk management

The Company has a Board-level Risk Management Committee, which reviews the risk assessment and mitigation method. The committee identifies inherent risks in its operations and records residual risks after taking specific risk mitigation measures. The Company has identified and categorised risks in the areas of operations, finance, marketing, regulatory compliances and corporate matter. The Internal Auditor expresses his opinion on the level of residual risks during the audit of a particular area and reports to the Audit Committee. Wherever possible and necessary, appropriate insurance cover is taken for financial risk mitigation. The economic slowdown has adversely affected the demand-supply equation in the sponge iron industry. The price of sponge iron is sensitive to the demand-supply position of steel scrap in the country and the viability of steel manufacturers in the secondary sector.

On the financial front, the Company has little exposure to exchange rate fluctuation risks for short periods between finalising import cargo and paying for it on receipt. Credit policy of the company is primarily based on the customer profile. Except for the supply chain disruptions, the Company management does not perceive any significant technological, environmental and/or financial risks for the Company in the near future.

Internal control systems and their adequacy

The Company has an Internal Audit Department which conducts audit in various functional areas as per audit programme approved by the Audit Committee. Audit planning and executions are oriented towards a review of internal controls and risks in the functional areas of the company. The Internal Audit Department reports its findings and observations to the Audit Committee which met Six times during the year to review the audit issues and to follow up implementation of corrective actions.

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

The statutory auditors also provide assurance on the adequacy of the internal control systems in the Company.

Human Resources and Industrial Relations

The Company had 397 employees as on March 31, 2018, vis-a-vis 413 on March 31, 2017. Company has a sustained industrial dispute free work atmosphere which has contributed in the smooth operation of plant and enhancing employee productivity. This has been successful due to the strong bonding between Management of Tata Sponge and the Employee Union known as Tata Sponge Shramik Sangh. A long-term wage settlement, a fruitful bonus agreement and an encouraging production incentive scheme with the Union has elevated the level of engagement of the workforce in the organisation. Due care is taken for the contract workforce which has not only resulted in contributing in surpassing the targeted production level but also in strengthening the safety and culture of ownership in the organisation. The well-being of contract workforce is taken care of, by the senior leadership team of the company. In FY 18, there was error free and timely compliance to all statutes ensuring any non-interruption in achieving the target of the Company. At the same time, expectation of community on employment has been taken care by creating employability opportunity to the technically qualified candidates by providing them in-plant training with stipend. On the safety front, the Company is focused on ensuring the safety of all its employees. No Loss Time Injury was reported throughout the year.

The Company has maintained healthy and cordial industrial relations during the year, and the workers' union has been an equal partner in the maintenance of industrial harmony in the Company. Regular interactions are held between the management and the union.

Cautionary Statement

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Tata Sponge believes that facilitation of effective, entrepreneurial and prudent management helps in delivering long term success of the Company. The fundamental objective of corporate governance in Tata Sponge is to boost and maximize shareholder value and protect the interest of other stake holders.

The prime objective of practicing good corporate governance at Tata Sponge is to promote an inclusive growth by protecting the interests and enhancing the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society. In order to achieve this objective, Tata Sponge follows the principles of transparency, disclosure, fairness, independent supervision, healthy competition, provision of equal opportunity in employment, political non-alignment, promotion of health, safety and welfare, production of quality products and services, compliance with all relevant laws, rules and regulations, improvement in quality of life and meeting social responsibility. Adoption of Tata Business Excellence Model, Tata Code of Conduct, Code of Affirmative Action etc. have only strengthened the Tata Sponge's philosophy of good corporate governance.

2. BOARD OF DIRECTORS

Size and composition of the Board

The Company's policy is to maintain an optimum combination of Executive Directors and Non – Executive Directors. The Board comprises of nine Directors, out of which five are Independent, three are Non – Executive and one Executive. Therefore, majority of Board comprises of Independent Directors. The Chairman of the Board is a Non-Executive Director. The profiles of the Directors are disclosed on Page 40-41.

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, 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 August 4, 2017	No of Directorship in other public companies		No of committee positions held in other public limited companies@	
						Chairman	Member	Chairman	Member
1	Mr. A. M. Misra	01477289	Chairman/ Promoter's (Tata Steel) nominee, Non-executive & Non-independent	6	Yes	1	-	-	-
2	Mr. D. K. Banerjee	00028123	Non-executive & Independent	5	Yes	1	8	3	6
3	Mr. P. C. Parakh	01305775	Non-executive & Independent	6	Yes	-	-	-	-
4	Mr. Manoj T. Thomas	03614981	Non-executive & Independent	6	Yes	-	1	-	1
5	Dr. Omkar Nath Mohanty	03058576	Non-executive & Independent	6	Yes	-	1	-	-
6	Mr. Krishnava Satyaki Dutt	02792753	Non-executive & Independent	3	No	-	4	2	2
7	Mr. R. Ranganath	06725337	Non-executive & Non-independent	6	No	1	3	1	2
8	Mrs. Meena Lall	05133322	Non-executive & Non-independent	3	Yes	-	-	-	-
9	Mr.Sanjay Kumar Pattnaik	00256832	Executive &	6	Yes	-	3	-	-

@ Represents Chairmanships/ Memberships of Audit Committee and Stakeholders' Relationship Committee of Public Limited (Indian) Companies.

No of Board Meetings held during the year	6
Dates on which held	26-04-2017, 06-06-2017, 21-07-2017, 17-10-2017,17-01-2018, 10-03-2018

None of the Directors held any shares in the Company as on March 31, 2018.

The information as required under Regulation 17(7) of 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 the thirty-fifth (35th) Annual General Meeting are given with the Notice to the Annual General Meeting.

The company has adopted the Tata Code of Conduct for Directors, Senior Management Personnel and other executives of the company. The Company has received confirmation from the Managing Director as well as the senior management personnel regarding compliance of the Code during the year under review. The Company has also adopted the Code of Conduct for the Non-Executive Directors of the company. The Company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the period ended March 31, 2018. Both the Codes are posted on the website of the Company i.e. www.tatasponge.com.

Familiarisation programme for Independent Directors

As per Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015, the Company has laid down a detailed policy/ programme for familiarisation of Independent Directors. During the year, the Board was regularly apprised with the operations of the Company by the Management. Detailed action taken reports are regularly being provided to the Board on the actionable points discussed at the Board and Committee Meetings. Visits to the Plant are also organized for the Directors.

The Directors of the Company are also regularly updated on any information which has a direct impact on the Company as well as regulatory changes.

Details of the Familiarisation Policy may be accessed on the website of the Company, viz, www.tatasponge.com.

3. BOARD COMMITTEES

The Company has in place the following committees as on March 31, 2018:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Risk Management Committee;
6. Ethics and Compliance Committee and
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 Audit Committee provides an insight to the Board on the effectiveness of accounting, auditing and reporting practices of the Company. The purpose of the Committee is to oversee the accounting and financial reporting process of the Company as well as the appointment, independence, performance and remuneration of statutory auditors, cost auditors, internal auditors and secretarial auditors. The Committee also provides a reassurance to the Board on the adequate and timely disclosures as well as compliance with all the provisions applicable to related party transactions, investments, loans and guarantees etc. The role of the Audit Committee is as follows:

(i) recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(ii) review and monitor the auditor's independence, 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, if any;

(vi) valuation of undertakings or assets of the company, wherever necessary;

(vii) evaluation of internal financial controls and risk management systems and

(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 and the Companies Act, 2013.

The Chairman of the Audit Committee, Mr. P. C. Parakh, was present at the Thirty-fourth Annual General Meeting held on August 4, 2017.

The composition of the Audit Committee and the details of meetings attended by the Directors during FY 2017-18, 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	6
2	Mr. D. K. Banerjee	Member	Non-executive & Independent	4
3	Dr. O. N. Mohanty	Member	Non-executive & Independent	6
4	Mr. R. Ranganath	Member	Non-executive & Non-independent	6

No. of Audit Committee meetings held during the year	6
Dates on which held	25-04-2017, 06-06-2017, 21-07-2017, 17-10-2017, 16-01-2018, 09-03-2018

Audit Committee meetings are attended by the Managing Director, Chief Financial Officer and Head (Internal Audit). The Statutory Auditors are invited to each meeting. 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 primary objective of the Nomination and Remuneration Committee of the Company is to periodically review the size and composition of the Board, formulate the criteria determining qualifications, positive attributes and independence of a Director, recommend candidates to the Board and establish and review Board and senior executive succession plans. The Committee's role also includes evaluation of Board Performance, reviewing and making recommendations to the Board on the remuneration of the Managing Director and KMPs, the total level of remuneration of Non-Executive Directors as well as 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	2
2	Mr. D.K. Banerjee	Member	Non-executive & Independent	2
3	Mr. A.M. Misra	Member	Non-executive & Non-independent	2

No. of Nomination and Remuneration Committee meetings held during the year	2
Dates on which held	26-04-2017, 09-03-2018

The Chairman of the Nomination and Remuneration Committee, Mr. Manoj T. Thomas, was present at the Thirty-fourth Annual General Meeting held on August 4, 2017.

The necessary quorum was present at the meetings.

Remuneration to Directors

The details of remuneration paid to all the directors and other disclosures required to be made under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is furnished below:

Details of Remuneration for the year ended March 31, 2018:

Non-Executive Directors

Table – 4

Rs. in lakhs

Sl. No.	Name of the Director	Sitting Fees (Gross)	Commission (Gross)	Total (Gross)
1	Mr. A. M. Misra	2.30	7.83	10.13
2	Mr. D. K. Banerjee	2.85	5.65	8.50
3	Mr. P. C. Parakh	3.10	8.70	11.80
4	Mr. Manoj T. Thomas	2.70	6.09	8.79
5	Dr. Omkar Nath Mohanty	3.30	6.52	9.82
6	Mr. Krishnava S. Dutt	1.15	2.61	3.76

*Mr. R. Ranganath and Mrs. Meena Lall waived their sitting fees and commission entitlement for FY'2017-18.

Executive Director/ Whole Time Director/ Managing Director:

Rs. in lakhs

Sl. No.	Name of the Director	Salary	Perquisities & Allowances	Commission/ Bonus (Gross)	Others (Retirals)	Total (Gross)
1	Mr. Sanjay Kumar Pattnaik- Managing Director	107.31	3.81	65.00	25.65	201.77

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 had 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) Amendment Rules, 2016;

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;

iii) The NRC may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration the 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)/ 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 (MD)/ Executive Director (ED)

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 Managerial Personnel

I. In determining the remuneration of the Senior Managerial Personnel (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, individual's 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 NRC for its review and approval.

3.3. Stakeholders' Relationship Committee

The Company has constituted Stakeholders' Relationship Committee in compliance with the provisions of Section 178 of the Companies Act, 2013, for review of various information/ data pertaining to the stakeholders' and redressal/ resolution of stakeholders' grievances.

The composition of the Stakeholders' Relationship Committee and the details of meetings attended by the Directors during FY 2017-18 are given below in Table – 5.

Table – 5

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

No. of Stakeholders' Relationship Committee meeting held during the year	1
Dates on which held	25-04-2017

The necessary quorum was present at the meetings.

Name, designation and address of Compliance Officer	Mr. Sanjay Kasture Chief Risk & Compliance Officer and Company Secretary P.O- Joda, Dist- Keonjhar Odisha-758034 Phone : (06767) - 278122 Fax- : (06767) - 278159 E-mail: skasture@tatasponge.com

Report on number of shareholder complaints received and resolved by the Company during the year ended March 31, 2018

No. of complaints pending as on April 1, 2017	0
No. of complaints identified and reported during FY 2017-18	9
No. of Complaints disposed of during the year ended March 31, 2018	9
No. of pending complaints as on March 31, 2018	0

Nature of Shareholder Complaints

Sl. No.	Nature of Complaints	Number of Complaints
1	Non-receipt of dividend	4
2	Dematerialisation of Shares	1
3	Issue of Duplicate Shares	1
4	Change in Name	1
5	Registration of Signature	1
6	Service of documents by speed post	1
Total		**9**

3.4 Corporate Social Responsibility ("CSR") Committee

The purpose of Corporate Social Responsibility (CSR) Committee of the Company is to formulate and recommend to the Board a CSR Policy indicating the activities to be undertaken by the Company, recommend the amount of expenditure to be incurred on the activities and monitor the CSR Policy of the Company from time to time. The Committee also encourages the employees to voluntarily participate in the CSR initiatives undertaken by the Company.

The CSR Policy of the Company is available at the website of the Company, viz., www.tatasponge.com.

The composition of the Committee and meetings attended during FY 2017-18, are as given below in Table-6

Table – 6

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. R. Ranganath	Chairman	Non-executive & Non-independent	3
2	Mr. Manoj T. Thomas	Member	Non-executive & Independent	3
3	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	3

No. of Corporate Social Responsibility Committee meetings held during the year	3
Dates on which held	26-04-2017, 16-10-2017, 22-02-2018

The necessary quorum was present at the meetings.

3.5 Ethics and Compliance Committee

In accordance with the SEBI (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 – 7.

Table – 7

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mrs. Meena Lall	Chairperson	Non-executive & Non-independent	1
2	Mr. Krishnava S. Dutt	Member	Non-executive & Independent	1

No. of Ethics and Compliance Committee meeting held during the year	1
Dates on which held	28-03-2018

3.6 Committee of Board

The Committee of Board was constituted by the Board of Directors of the Company for advising/ recommending to the Board on strategic and other important business issues.

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

Table – 8

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mr. A. M. Misra	Chairman	Non-executive & Non-independent	2
2	Mr. D. K. Banerjee	Member	Non-executive & Independent	1
3	Dr. O. N. Mohanty	Member	Non-executive & Independent	2

Table – 8

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
4	Mr. R. Ranganath	Member	Non-executive & Non-independent	2
5	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	2

No. of Committee of Board meeting held during the year	2
Dates on which held	13-12-2017, 10-03-2018

3.7 Risk Management Committee

The Company has constituted a Risk Management Committee for framing, identifying, assessing and mitigating the probable risks to the Company. The objective of the Committee is as follows:

(i) to inform the Board members about the risk assessment and minimization procedures;

(ii) to monitor and review the risk mitigation plan; and

(iii) to perform other relevant functions in this connection.

The composition of the Committee and meetings attended during FY 2017-18, are as given below in Table–9

Table – 9

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1	Mrs. Meena Lall	Chairperson	Non - Executive & Non-independent	2
2	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	2

No. of Meetings held during the year	2
Dates on which held	27-09-2017, 28-03-2018

4. SUBSIDIARY COMPANIES

The Company has a wholly owned subsidiary namely, "TSIL Energy Limited", which was incorporated on November 20, 2012, with an authorised share capital of Rs. 10,00,00,000. The subscribed/ paid up capital of this subsidiary was Rs.1,06,00,600 as on March 31, 2018. Five Board meetings of this company were held during the year ended March 31, 2018.

TSIL Energy Limited is not a "Material Subsidiary" as defined under the Companies 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 – 10

Financial Year	Location	Date	Time
2016-2017	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	04-08-17	10: 00 a.m.
2015-2016	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	26-07-16	10 : 00 a.m.
2014-2015	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	21-08-15	10 : 00 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 thereunder.

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

- At the Annual General Meeting held on August 4, 2017, no special resolution was passed.
- At the Annual General Meeting held on July 26, 2016, no special resolution was passed.
- At the Annual General Meeting held on August 21, 2015, special resolutions were passed for approval of (i) Material Related Party Transactions, (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.

f) Facilities for Ballot and E-voting was extended to the shareholders to exercise their voting rights on all resolutions proposed at the last Annual General Meeting held on August 4, 2017. Ms. Manjari Sinha, Practicing Company Secretary (FCS No. 9392, CP No.9724) of Jamshedpur was appointed as Scrutinizer.

g) The Company proposes to extend the facility for Ballot and E-voting 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 (2018). The procedure for Ballot and E-Voting 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 Anaysts/ Investors during financial year 2017-18 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	**35th Annual General Meeting**	Day/ Date : Wednesday, July 18, 2018 Time : 10:30 am Venue : Lake View Officers' Recreation Centre, TSIL Township, Joda, Dist – Keonjhar, Odisha, Pin code – 758 034.
7.2	**Financial year**	2017-18 (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** **Record date of payment of dividend**	From Thursday, July 12, 2018 to Wednesday, July 18, 2018, both days inclusive. Wednesday, July 11, 2018
7.5	**Dividend payment date**	The dividend warrants will be posted on or after Friday, July 20, 2018.
7.6	**Listing on Stock Exchanges**	1) BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001 2) National Stock Exchange of India Limited 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	INE 674A01014 (Electronic form)
	BSE CODE	13010 (Physical form) 513010 (Demat form)
	NSE SCRIP CODE	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 2018-2019 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 2017-18:

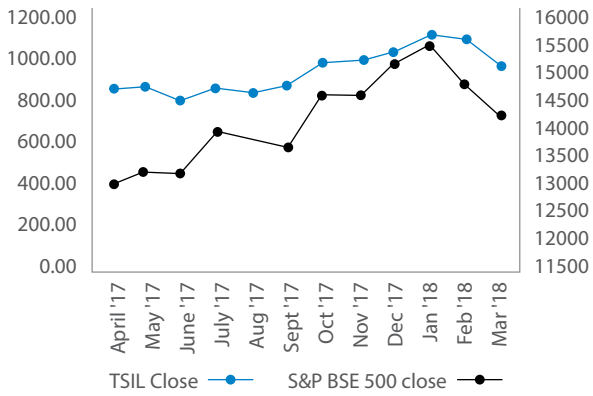
Table – 11

Months	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
	Monthly			
April, 2017	900.00	701.75	900.50	701.05
May, 2017	900.00	788.25	899.90	791.00
June, 2017	865.95	772.80	865.00	772.00
July, 2017	894.70	779.55	895.00	776.95
August, 2017	854.85	770.00	854.80	768.30
September, 2017	964.40	805.10	964.00	805.00
October, 2017	978.45	852.55	979.00	850.10
November, 2017	987.00	915.00	988.95	912.00
December, 2017	1000.00	912.35	1004.00	911.00
January, 2018	1239.00	936.45	1240.00	965.00
February, 2018	1097.10	942.50	1100.00	940.00
March, 2018	1077.00	904.00	1077.60	902.00

7.11 STOCK PERFORMANCE:

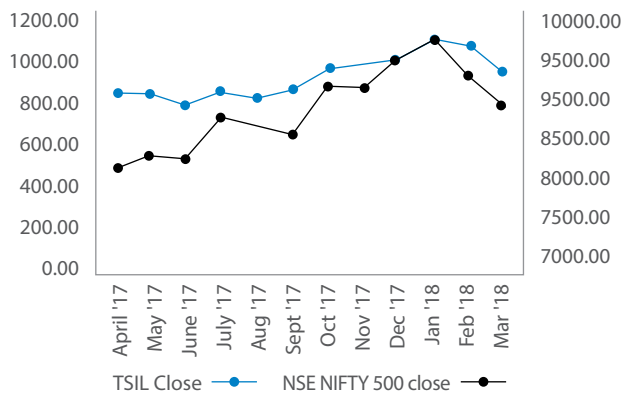
TSIL VS. BSE 500

Table – 12



TSIL VS. NSE - NIFTY 50

Table – 13



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

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

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 : tsrljsr@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 : tsrlcal@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 : tsrldel@tsrdarashaw.com

5) Ahmedabad

M/s. Shah Consultancy Services Limited
Agents: M/s. TSR Darashaw 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. November 10, 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 March 31, 2018:

Table – 14

Shareholding of nominal value of			Shareholders		Share Amount	
Rs.		Rs.	Number	% to total	In Rs.	% to total
(1)			(2)	(3)	(4)	(5)
1	-	100	7,523	20.99	4,58,280	0.30
101	-	500	13,575	37.87	47,90,710	3.11
501	-	1,000	6,993	19.51	64,48,320	4.19
1,001	-	5,000	6,530	18.22	1,53,88,610	9.99
5,001	-	10,000	648	1.81	50,68,660	3.29
10,001	-	20,000	283	0.79	42,26,380	2.74
20,001	-	30,000	101	0.28	25,40,480	1.65
30,001	-	40,000	44	0.12	15,78,450	1.02
40,001	-	50,000	28	0.08	13,01,720	0.85
50,001	-	1,00,000	52	0.15	39,11,680	2.54
1,00,001	and	above	68	0.19	10,82,86,710	70.32
Total			**35,845**	**100.00**	**15,40,00,000**	**100.00**

7.15 Categories of shareholders as on March 31, 2018:

Table – 15

Sl. No.	Category	No. of shares held	Percentage of shareholding
1	Promoters		
	Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	83,93,554	54.50
2	Mutual Funds and UTI	11,250	0.07
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	1,27,424	0.83
4	Private Corporate Bodies	5,67,360	3.68
5	Indian Public	46,31,394	30.07
6	NRIs/OCBs/FIIs	15,09,476	9.80
7	Directors & Relatives	0	0
8	Trusts	3,700	0.02
9	IEPF Suspense Account	1,55,842	1.01
	Total	**1,54,00,000**	**100.00**

7.16 Top ten Shareholders across all categories as on March 31, 2018:

Table – 16

Sl. No.	Name of the Shareholder	No. of shares held	Percentage of shareholding
1	Tata Steel Limited	83,93,554	54.50
2	HSBC Global Investment Funds-Asia Ex Japan Equity Smaller Companies	6,01,289	3.90
3	Investor Education and Protection Fund Authority – Ministry of Corporate Affairs	1,55,842	1.01
4	AJO Emerging Markets Small Cap Master Fund Limited	1,16,133	0.75
5	General Insurance Corporation of India	1,00,000	0.65
6	Sanjeev Vinodchandra Parekh	82,564	0.54
7	Emerging Markets Core Equity Portfolio (The Portfolio) of DFA Investment Dimensions Group Inc. (DFAIDG)	66,921	0.43
8	Missouri Local Government Employees Retirement System	62,416	0.41
9	Dolly Khanna	50,830	0.33
10	Morgan Stanley (France) S.A.	47,612	0.31

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 March 31, 2018, 1,47,21,018 shares were held in dematerialised form which constitute approx. 95.59 % of total number of subscribed shares.

7.18 Liquidity

Since Company's shares are listed 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
CIN: L27102OR1982PLC001091

8. GREEN INITIATIVE

The Company supports the 'Green Initiative' undertaken by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report, Quarterly and Half-yearly results, to shareholders at their e-mail address previously registered with the DPs and RTAs.

Shareholders who hold shares in physical form are requested to register their e-mail addresses with RTA, by sending a letter, duly signed by the first/sole holder quoting details of Folio No. Those holding shares in demat form can register their e-mail address with their concerned DPs.

Transfer Of Unclaimed Dividend to Investor Education and Protection Fund ("IEPF"):

Pursuant to the provisions of the Companies Act, 2013, read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended (the 'Rules'), the shares pertaining to which dividend remains unclaimed/unpaid for a period of seven years from the date of transfer to the unpaid dividend account is mandatorily required to be transferred to the Investor Education and Protection Fund ('IEPF') established by the Central Government.

The Company has sent individual communication to the concerned shareholders at their registered address, whose dividend remains unclaimed and whose shares are liable to be transferred to the IEPF.

The status of dividend remaining unclaimed is given hereunder

Table – 8.1

Unclaimed Dividend	Status	Whether it can be claimed	Can be claimed from	Action to be taken
Up to and including the Financial Year 1994-95	Transferred to the General Revenue Account of the Central Government	Yes	Office of Registrar of Companies, Central Government Office Building, 'A' Wing, 2nd Floor, Next to Reserve Bank of India, CBD, Belapur-400 614	Claim to be forwarded in prescribed Form No. II of the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978
For the Financial Years 1995-96 to 2009-10	Transferred to the IEPF of the Central Government	Yes	Submit e-form IEPF 5 to the Registered Office of the Company addressed to the Company Secretary (Nodal Officer) along with complete documents.	IEPF Authority to pay the claim amount to the shareholder based on the verification report submitted by the Company and the documents submitted by the investor.
For the Financial Years 2010-11 to 2016-17	Amount lying in respective Unpaid Dividend Accounts	Yes	TSR Darashaw Limited, Registrars and Transfer Agents	Letter on plain paper

The Company has hosted on its website the details of the unclaimed dividend/interest/principal amounts for the Financial Year 2016-17 as per the Notification No. G S R 352 (E) dated May 10, 2012 of Ministry of Corporate Affairs (as per Section 124 of the Companies Act, 2013).

Year	Dividend per share (Rs.)	Date of Declaration	Due Date for transfer to IEPF
2010-11	8	July 15, 2011	August 18, 2018
2011-12	8	July 20, 2012	August 23, 2019
2012-13	8	July 24, 2013	August 27, 2020
2013-14	10	July 15, 2014	August 18, 2021
2014-15	10	August 21, 2015	September 24, 2022
2015-16	10	July 26, 2016	September 2, 2023
2016-17	11	August 4, 2017	September 4, 2024

Shareholders are requested to get in touch with the RTA for encashing the unclaimed dividend/ interest/ principal amount, if any, standing to the credit of their account.

9. 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. Though the constitution of Risk Management Committee is not mandatory for the Company, it has voluntarily constituted the same.

(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 is disclosed
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 Company has complied and disclosed all the mandatory corporate governance requirements as stipulated in regulation 17 to 27 and regulation 46 of SEBI listing regulations.

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 to Balance Sheet and Statement of Profit and Loss for the year ended March 31, 2018.

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) Amendment Rules, 2016 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 September 30, 2015 with BSE Limited, for

which the BSE Limited imposed a fine of Rs. 65,265/- and the same was paid on March 31, 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) Regulations 2015, for the year ended March 31, 2018.

20. Reconciliation of Share Capital 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
sd/-
(Sanjay Kumar Pattnaik)
Managing Director
(DIN: 00256832)

Place : Kolkata
Date : April 17, 2018

TATA SPONGE IRON LIMITED

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, 2018 as stipulated in Regulation 17 to 27 and 34(3) read with Schedule - V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(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 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.

S. M. Gupta
Partner
S. M. Gupta & CO.,
Company Secretaries
Firm Registration No.: P1993WB046600
Membership No.: FCS - 896
C.P. No.: 2053

Place : Kolkata
Date : April 17, 2018

FINANCIAL STATEMENTS

Standalone

102 Independent Auditors' Report
108 Balance Sheet
109 Statement of Profit & Loss
110 Statement of Changes in Equity
111 Cash Flow Statement
112 Notes to Accounts

Consolidated

155 Independent Auditors' Report
160 Balance Sheet
161 Statement of Profit & Loss
162 Statement of Changes in Equity
163 Cash Flow Statement
164 Notes to Accounts

TATA SPONGE IRON LIMITED

Independent Auditors' Report

To the Members of Tata Sponge Iron Limited

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone Ind AS financial statements of Tata Sponge Iron Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018 the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

2. 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The standalone Ind AS financial statements of the Company for the year ended March 31, 2017, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated April 26, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors as on April 1, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 30 to the standalone Ind AS financial statements;

ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2018.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018 except for amounts aggregating to Rs 4.28 lakhs, which according to the information and explanations provided by the management is held in abeyance due to pending legal cases. (Refer Note 42 to the standalone Ind AS financial statements).

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E300009

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Tata Sponge Iron Limited on the standalone Ind AS financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Tata Sponge Iron Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. 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 (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 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 Act.

Auditors' Responsibility

3. 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") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

4. 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.

5. 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

6. 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 standalone Ind AS 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 standalone Ind AS 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

7. 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

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, 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 Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E300009

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Tata Sponge Iron Limited on the standalone Ind AS financial statements as of and for the year ended March 31, 2018

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

(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.

(c) The title deeds of immovable properties, as disclosed in Note 3 on property, plant and equipment to the Standalone Ind AS financial statements, are held in the name of the Company.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book of records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the investments made and guarantees and securities provided by it, as applicable.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.

We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, except for arrears of Rs. 518.13 lacs outstanding for a period of more than six months as on March 31, 2018, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax and duty of excise as at March 31, 2018, which have not been deposited on account of any dispute. The particulars of dues of Income Tax, Sales tax, Duty of customs, value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	282.10	2014-15 2015-16	Commissioner of Income Tax (Appeals)
Central Sales Tax Act, 1957	Central Sales Tax	66.71	2005-06	High Court of Orissa
		6.02	1987-88 1992-93 1993-94	Deputy Commissioner of Commercial Taxes
Orissa Sales Tax Act,1947	Sales Tax	2.45	1992-93 2000-01	Assistant Commissioner of Sales Tax
		6.10	1987-88 1989-90 1990-91 1988-89	Deputy Commissioner of Commercial Taxes

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Customs Act, 1962	Customs Duty	3,311.05	2012-13	Customs, Excise and Service Tax Appellete Tribunal
Odisha Value Added Tax Act, 2004	Value Added Tax	7.14	2005-06	Commissioner of Commercial Taxes
		129.89	2006-07	Additional Commissioner of Commercial Taxes

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E300009

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

TATA SPONGE IRON LIMITED

Standalone Balance Sheet as at 31 March, 2018

Rs. in lacs

	Notes	As at 31 March, 2018	As at 31 March, 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	03	14,666.50	15,079.72
(b) Capital work-in-progress	03	582.19	563.48
(c) Intangible assets	04	233.03	390.95
(d) Financial assets			
(i) Investments	05	7,277.69	186.01
(ii) Loans	06	15.29	19.71
(iii) Other financial assets	07	6,412.84	1,020.11
(e) Non current tax assets (net)	19 A	2,812.63	2,812.63
(f) Other non-current assets	08	17,478.59	17,471.43
Total non-current assets		**49,478.76**	**37,544.04**
(2) Current assets			
(a) Inventories	09	8,408.87	4,907.66
(b) Financial assets			
(i) Investments	05	12,685.45	26,142.10
(ii) Trade receivables	10	5,880.50	3,576.67
(iii) Cash and cash equivalents	11 (i)	11,249.38	30,466.39
(iv) Other bank balances	11 (ii)	30,911.33	207.57
(v) Loans	06	252.20	279.91
(vi) Other financial assets	07	929.29	721.17
(c) Other current assets	08	1,628.34	734.49
Total current assets		**71,945.36**	**67,035.96**
Total assets		**1,21,424.12**	**1,04,580.00**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	12	1,540.00	1,540.00
(b) Other equity	13	97,102.60	84,944.50
Total equity		**98,642.60**	**86,484.50**
(2) Liabilities			
Non-current liabilities			
(a) Provisions	14	1,168.89	1,281.39
(b) Deferred tax liabilities (net)	15	1,798.21	1,905.71
Total non-current liabilities		**2,967.10**	**3,187.10**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16	6,690.16	5,252.46
(ii) Other financial liabilities	18	422.78	335.01
(b) Provisions	14	5,145.03	4,779.72
(c) Current tax liabilities (net)	19	5,390.33	3,234.86
(d) Other current liabilities	17	2,166.12	1,306.35
Total current liabilities		**19,814.42**	**14,908.40**
Total liabilities		**22,781.52**	**18,095.50**
Total equity and liabilities		**1,21,424.12**	**1,04,580.00**

The accompanying notes form an integral part of the Standalone Balance Sheet

This is the Standalone Balance Sheet referred to our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Standalone Statement of Profit and Loss for the year ended 31 March, 2018

Rs. in lacs

		Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
I	Revenue from operations	20	81,664.54	61,516.07
II	Other income	21	4,301.21	3,702.03
III	**Total income (I + II)**		**85,965.75**	**65,218.10**
IV	**Expenses:**			
	Cost of materials consumed	22	50,058.31	36,968.26
	Changes in inventories of finished goods and stock in trade	23	(473.47)	324.91
	Excise duty on sale of goods		1,647.81	5,785.30
	Employee benefits expense	24	4,180.44	4,630.97
	Finance costs	25	324.67	244.40
	Depreciation and amortisation expense	26	1,230.28	1,276.31
	Other expenses	27	7,979.38	7,640.67
	Total expenses (IV)		**64,947.42**	**56,870.82**
V	**Profit before tax (III - IV)**		21,018.33	8,347.28
VI	**Tax expense:**			
	(1) Current tax	27.1A	7,099.00	2,669.00
	(2) Deferred tax	15	(166.38)	(195.76)
	Total tax expense VI		**6,932.62**	**2,473.24**
VII	**Profit for the year (V - VI)**		**14,085.71**	**5,874.04**
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		170.13	(208.21)
	(b) Income tax relating to items that will not be reclassified to profit or loss		(58.88)	72.06
IX	**Total other comprehensive income**		**111.25**	**(136.15)**
X	**Total comprehensive income for the year (VII+VIII)** (Comprising profit and other comprehensive income for the year)		14,196.96	5,737.89
XI	**Earnings per equity share (face value of Rs. 10 each) :**			
	(1) Basic (in Rs.)	29	91.47	38.14
	(2) Diluted (in Rs.)		91.47	38.14

The accompanying notes form an integral part of the Standalone Statement of Profit and Loss

This is the Standalone Statement of Profit and Loss referred to our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

TATA SPONGE IRON LIMITED

Standalone statement of changes in equity for the year ended 31 March, 2018

A) EQUITY SHARE CAPITAL

Rs. in lacs

		Notes	
(a)	**As at 1 April, 2016** (15,400,000 equity shares of Rs. 10 each)	12	1,540.00
	Changes in equity share capital during the year		-
	As at 31 March, 2017 (15,400,000 equity shares of Rs. 10 each)		1,540.00
	Changes in equity share capital during the year		-
	As at 31 March, 2018 (15,400,000 equity shares of Rs. 10 each)		**1,540.00**

B) OTHER EQUITY

Rs. in lacs

Particulars	Notes	Reserves and surplus		Items of other comprehensive income	
		General reserves	Retained earnings	Other items of other comprehensive income	Total
As at 1 April, 2016	13	77,000.00	4,166.21	(106.09)	81,060.12
Profit for the year		-	5,874.04	-	5,874.04
Remeasurement gains / (losses) on defined benefit plans		-	-	(208.21)	(208.21)
Tax impact on other comprehensive income (OCI)		-	-	72.06	72.06
Dividend paid during the year		-	(1,540.00)	-	(1,540.00)
Tax on dividend		-	(313.51)	-	(313.51)
Balance as at 31 March, 2017	13	77,000.00	8,186.74	(242.24)	84,944.50
Profit for the year		**-**	**14,085.71**	**-**	**14,085.71**
Remeasurement gains / (losses) on defined benefit plans		**-**	**-**	**170.13**	**170.13**
Tax impact on other comprehensive income (OCI)		**-**	**-**	**(58.88)**	**(58.88)**
Dividend paid during the year		**-**	**(1,694.00)**	**-**	**(1,694.00)**
Tax on dividend		**-**	**(344.86)**	**-**	**(344.86)**
Balance as at 31 March, 2018	**13**	**77,000.00**	**20,233.59**	**(130.99)**	**97,102.60**

The accompanying notes form an integral part of the Standalone Statement of Changes in Equity

This is the Standalone Statement of Changes in Equity referred to our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Standalone cash flow statement for the year ended 31 March, 2018

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before tax	21,018.33	8,347.28
	Adjustments for:		
	Depreciation and amortisation expense	1,230.28	1,276.31
	Amortisation of lease hold land	0.47	0.47
	Dividend from current investments	(1,121.54)	(1,290.51)
	Changes in fair value of financial assets at fair value through profit & loss	(4.41)	-
	Changes in fair value of non-current financial assets at fair value through profit & loss	(91.68)	-
	Dividend received from equity investments	(74.48)	(70.00)
	Gain on sale of current investments	-	(3.81)
	Loss on disposal of property, plant and equipment	3.49	6.96
	Interest income	(2,762.55)	(2,168.16)
	Finance cost	324.67	244.40
	Liabilities no longer required written back	(0.29)	(27.39)
	Operating profit before working capital changes	**18,522.29**	**6,315.55**
	Changes in operating assets and liabilities:		
	(Increase) in Inventories	(3,501.21)	(1,671.44)
	(Increase) in Trade receivables	(2,303.83)	(633.62)
	(Increase) in Other current assets	(893.85)	(344.51)
	(Increase)/ Decrease in Loans	27.71	(279.91)
	Decrease in Other financial assets	155.90	250.50
	(Increase) in Other non-current assets	(5,395.94)	(927.32)
	Increase in Trade payables	1,437.70	1,183.14
	Increase / (Decrease) in Other financial liabilities	46.78	(464.59)
	Increase in Other-current liabilities	860.06	627.75
	Increase / (Decrease) in Provisions-current	210.77	(639.86)
	Increase / (Decrease) in Provisions-non current	(112.50)	594.80
	Cash generated from operations	**9,053.88**	**4,010.49**
	Income taxes paid	(4,943.53)	(1,843.42)
	Net cash generated from operating activities	**4,110.35**	**2,167.07**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Payments for purchases of property, plant and equipment (including capital advances)	(680.98)	(388.07)
	Proceeds from disposal of property, plant and equipment	1.21	6.50
	Payments to acquire current investments	(42,756.54)	(65,862.53)
	Payments to acquire Non-current investments	(7,000.00)	-
	Proceeds from disposal of current investments	56,217.60	68,074.30
	Movement in fixed deposits	(30,684.00)	-
	Interest received	2,398.53	1,948.22
	Dividend received from equity investments	74.48	70.00
	Dividend received from current investments	1,121.54	1,290.51
	Net cash generated /(used) in investing activities	**(21,308.16)**	**5,138.93**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Dividend paid	(1,674.34)	(1,531.61)
	Tax on dividend paid	(344.86)	(313.51)
	Net cash used in financing activities	**(2,019.20)**	**(1,845.12)**
Net increase / (decrease) in cash or cash equivalents		(19,217.01)	5,460.88
Cash and cash equivalents at the beginning of the year (Refer note 11)		30,466.39	25,005.51
Cash and cash equivalents at the end of the year (Refer note 11)		**11,249.38**	**30,466.39**

The accompanying notes form an integral part of the Standalone Cash Flow Statement

This is the Standalone Cash Flow Statement referred to our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Notes to the Standalone Financial Statements

COMPANY BACKGROUND

TATA SPONGE IRON LIMITED ('TSIL' or 'the Company) is a public limited Company incorporated in India with its registered office at Joda, Odisha, India.

The Company has a presence across the manufacture of sponge iron and generation of power from waste heat as detailed under segment information in Note 35 to the financial statements.

The Company is a subsidiary of Tata Steel Limited. The equity shares of the Company are listed on two of the stock exchanges in India i.e. NSE and BSE.

The standalone financial statements were approved and authorized for issue with the resolution of the Company's Board of Directors on April 17, 2018.

SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

A. Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

B. Historical Cost Convention

The standalone financial statements have been prepared on the historical cost basis except for the following:

i) certain financial assets and liabilities that is measured at fair value;

ii) defined benefit plans — plan assets measured at fair value.

C. Current versus Non-current Classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

i) expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii) held primarily for the purpose of trading,

iii) expected to be realised within twelve months after the reporting period, or

iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

i) it is expected to be settled in the normal operating cycle,

ii) it is incurred primarily for the purpose of trading,

iii) it is due to be settled within twelve months after the reporting period, or

iv) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as noncurrent.

2. Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives And Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act except in respect of the following categories of the assets, in whose case the life of the assets

Notes to the Standalone Financial Statements

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

Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss within 'Other Income'/'Other Expenses'. Advances paid towards the acquistion of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Work-in progress'.

3 Intangible assets

Railway Sidings Constructed

Railway sidings is included in the Balance Sheet as an intangible asset where it is clearly linked to long term economic benefits for the Company. In this case it is measured at cost of construction and then amortised on a straight-line basis over their estimated useful lives.

Amortisation Method and Period

Railway sidings amortised on a straight-line basis over their estimated useful lives i.e 5 years.

Software Cost Acquired

Software for internal use, which is primarily acquired from third-party vendors is capitalised. It has a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/ system integration services, where applicable.

Amortisation Method and Period

Intangible assets are amortised over a period of 5 years Amortisation method and useful lives are reviewed periodically including at each financial year end.

4. Research and Development

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible Assets' are recognised as an expense as incurred.

5. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

6. Leases

As A Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

7. Investment in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment loss, if any. Investments are tested for impairment wherever event or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount.

8. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Standalone Financial Statements

9. Investments (Other than Investments in Subsidiaries) and Other Financial Assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies the debt investments when and only when the business model for managing those assets changes

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value through profit or loss, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instrument as amortised cost measurement categories. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income' in the Statement of Profit and Loss.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets which are not fair valued through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28 details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial assets

A financial asset is derecognised only when the Company has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Dividend Recognition

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the

Notes to the Standalone Financial Statements

economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

(vii) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

10. Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

11. Employee Benefits

A. Short-term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as ' Provision for Employee Benefits' within ' Current Provisions' in the Balance Sheet.

B. Post-employment Benefits

i) Defined Benefit Plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee Benefits Expense' in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. These are included in 'Retained Earnings' in the Statement of Changes in Equity.

ii) Defined Contribution Plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

C. Other Long –term Employee Benefits

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future benefits in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under ' Provision for Employee Benefits' within ' Current Provisions' in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

12. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

Notes to the Standalone Financial Statements

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

13. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

14. Provisions and Contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

15. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, discounts, rebates, goods and service taxes and amounts collected on behalf of third parties, as applicable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Notes to the Standalone Financial Statements

A. Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer as per terms of the contract.

B. Sale of Power

Revenue from the sale of power is recognised based on the units as transmitted to buyer as per the terms of contract with the customer.

C. Other Operating Revenue

Revenue from sale of coal fines, char and iron ore fines are recognized when the significant risks and rewards of ownership of the products have passed to the buyer as per terms of contract

D. Income From Investments

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

Dividend income from investments is recognised when the right to receive payment has been established.

16. Foreign currency transactions and translation

(i) Functional and Presentation Currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The standalone financial statements are presented in Indian Rupee (Rs.), which is the Company's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year - end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

17. Borrowings costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

18. Earnings per Share

Basic Earnings per Share

Basic earnings per equity share is computed by dividing profit or loss attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and • the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

19. Cash and cash equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

20. Trade Payables

Trade Payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

21. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing

Notes to the Standalone Financial Statements

Director of the Company. Refer Note 35 for segment information presented.

22. Rounding of amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest Lacs (Rs. 00,000) as per the requirement of schedule III, unless otherwise stated.

23. Use of estimates and critical accounting judgments

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that impact the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these standalone financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods impacted.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each impacted line item in the standalone financial statements.

The areas involving critical estimates or judgements are:

A. Employee Benefits (Estimation of Defined Benefit Obligation) : Refer 11 (B) (i) and (ii)

Post-employment benefits represents obligation that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the company to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations .

B. Estimation of expected useful lives and residual values of property, plants and equipment. Refer Note 2

Management reviews its estimate of useful life of property , plant & equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolesce that may change the utility of property, plant & equipment.

C. Contingencies Refer Note: 14

Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Company often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business, the Company consults with legal counsel and certain other experts on matters related to litigations. The Company accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

D. Deferred Taxes Refer Note: Refer Note: 12

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.**1**

Notes to the Standalone Financial Statements

03 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Rs. in lacs

Carrying amounts of:	As at 31 March, 2018	As at 31 March, 2017
Freehold land	564.08	229.42
Freehold buildings	2,510.14	2,523.48
Plant and equipment	11,343.05	12,131.58
Furniture and fixtures	12.85	11.49
Office equipment	142.63	111.49
Vehicles	93.75	72.26
Sub-total	**14,666.50**	**15,079.72**
Capital work-in-progress	582.19	563.48
Total	**582.19**	**563.48**

Rs. in lacs

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost / deemed cost							
Balance as at 1 April, 2016	229.42	2,766.13	12,940.98	18.36	87.37	90.20	16,132.46
Additions during the year	-	251.14	41.49	0.03	65.77	30.26	388.69
Assets disposed / written off during the year	-	-	2.49	0.07	0.18	20.15	22.89
Balance as at 31 March, 2017	**229.42**	**3,017.27**	**12,979.98**	**18.32**	**152.96**	**100.31**	**16,498.26**
Additions during the year	**334.66**	**157.57**	**19.41**	**12.87**	**82.82**	**46.82**	**654.15**
Assets disposed / written off during the year	**-**	**-**	**51.18**	**0.38**	**10.54**	**9.99**	**72.09**
Balance as at 31 March, 2018	**564.08**	**3,174.84**	**12,948.21**	**30.81**	**225.24**	**137.14**	**17,080.32**

Rs. in lacs

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Accumulated depreciation							
Accumulated depreciation as at 1 April, 2016		280.47	13.73	4.49	13.33	7.12	319.14
Charge for the year	-	213.32	835.90	2.34	28.23	29.04	1,108.83
Depreciation on assets disposed / written off during the year	-	-	1.23	-	0.09	8.11	9.43
Accumulated depreciation as at 31 March, 2017	**-**	**493.79**	**848.40**	**6.83**	**41.47**	**28.05**	**1,418.54**
Charge for the year	-	170.91	805.61	11.51	49.81	24.83	1,062.67
Depreciation on assets disposed / written off during the year	-	-	48.85	0.38	8.67	9.49	67.39
Accumulated depreciation as at 31 March, 2018	**-**	**664.70**	**1,605.16**	**17.96**	**82.61**	**43.39**	**2,413.82**

Rs. in lacs

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Carrying amount							
Balance as at 31 March, 2017	229.42	2,523.48	12,131.58	11.49	111.49	72.26	15,079.72
Balance as at 31 March, 2018	**564.08**	**2,510.14**	**11,343.05**	**12.85**	**142.63**	**93.75**	**14,666.50**

Note :

1 All the above property, plant and equipment are owned by the Company.

2 Refer Note 37 for information on property, plant and equipment hypothecated as collateral security by the Company.

Notes to the Standalone Financial Statements

04 OTHER INTANGIBLE ASSETS

Rs. in lacs

Carrying amounts of:	As at 31 March, 2018	As at 31 March, 2017
Software costs acquired	9.56	-
Railway sidings constructed	223.47	390.95
Total intangible assets	**233.03**	**390.95**

Rs. in lacs

	Software costs acquired	Railway sidings constructed	Total intangible assets
Cost / deemed cost			
Balance as at 1 April, 2016	0.61	725.91	726.52
Additions during the year	-	-	-
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2017	**0.61**	**725.91**	**726.52**
Additions during the year	9.69	-	9.69
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2018	**10.30**	**725.91**	**736.21**

Rs. in lacs

	Software costs acquired	Railway sidings constructed	Total intangible assets
Accumulated amortisation			
Accumulated amortisation as at 1 April, 2016	0.61	167.48	168.09
Charge for the year	-	167.48	167.48
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2017	**0.61**	**334.96**	**335.57**
Charge for the year	0.13	167.48	167.61
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2018	**0.74**	**502.44**	**503.18**

Rs. in lacs

	Software costs acquired	Railway sidings	Total intangible assets
Carrying amount			
Balance as at 31 March, 2017	-	390.95	390.95
Balance as at 31 March, 2018	**9.56**	**223.47**	**233.03**

04.1 The amortisation has been included under 'Depreciation and Amortisation Expenses' in the statement of Profit and Loss (Refer Note 26)

Notes to the Standalone Financial Statements

05 INVESTMENTS

	As at 31 March, 2018		As at 31 March, 2017	
	Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
Unquoted :				
Non- current Investments				
Unquoted Investment				
Investment in Equity Instruments				
Investment in Subsidiary Company $				
TSIL Energy Limited	10,60,060	106.01	10,60,060	106.01
Investment in Body Corporate @				
Jamipol Limited	8,00,000	80.00	8,00,000	80.00
Investments in Mutual fund #				
1 IDFC Corporate Bond Direct Plan -Growth	1,69,50,014	2,028.97		-
2 Reliance Floating Rate Fund -Short Term Plan (Direct Growth Plan)	72,20,347	2,029.42		-
3 Reliance Short Term Fund - (Direct Growth Plan)	90,04,856	3,033.29		-
		7,091.68		**-**
Total Non - current Investments		**7,277.69**		**186.01**
Current Investments				
Investment in Liquid Mutual Funds #				
1 TATA Money Market Fund - Plan A - Daily Dividend Reinvestment	3,83,789.97	3,843.72	3,23,600.14	3,240.91
2 HDFC Liquid Fund- Regular Plan - Daily Dividend Reinvestment	652.29	6.65	2,97,600.51	3,034.99
3 IDFC Cash Fund - Regular Plan - Daily Dividend Reinvestment	57,463.19	575.58	3,63,308.59	3,637.02
4 Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment	2,71,809.91	4,157.61	2,98,066.21	4,556.65
5 SBI Premier Liquid Fund - Regular Plan -Daily Dividend Reinvestment	-	-	49,943.31	501.06
6 Axis Liquid - Regular Plan - Daily Dividend Reinvestment	1,16,735.37	1,168.47	3,76,475.16	3,767.16
7 ICICI Prudential Liquid - Regular Plan- Daily Dividend Reinvestment	7,68,035.04	769.17	24,82,909.11	2,485.37
8 BSL Cash Plus - Daily Dividend Reinvestment	12,22,204.88	1,225.54	31,89,383.37	3,195.61
9 Sundaram Money Fund Regular -Daily Dividend Reinvestment	56,96,836.56	575.11		-
10 DSP Blackrock Liquidity Fund-Inst-Daily Dividend Reinvestment	36,325.40	363.60	1,72,194.08	1,723.33
Total current investments		**12,685.45**		**26,142.10**
Aggregate amount of Unquoted Investments		19,963.14		26,328.11
$ Investments carried at Cost		106.01		106.01
# Investments carried at Fair value through Profit & Loss		19,777.13		26,142.10
@ Investments carried at Fair value through Other Comprehensive Income [Also refer Note 28(c)]		80.00		80.00

05.1 Refer Note 28 for information about fair value measuerment , credit risk and market risk on investments.

Notes to the Standalone Financial Statements

06 LOANS

Rs. in lacs

	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	Current	Non-current	Current
Loan to Employees	10.83	8.22	15.25	8.85
Security Deposits -				
Considered good	4.46	243.98	4.46	271.06
Considered doubtful	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
	15.29	**252.20**	**19.71**	**279.91**

07 OTHER FINANCIAL ASSETS

Rs. in lacs

		As at 31 March, 2018		As at 31 March, 2017	
		Non-current	Current	Non-current	Current
(a)	Interest accrued on deposits, loans and advances	157.10	929.29	1.20	721.17
(b)	Deposit with banks and others with maturity period more than 12 months	6,255.74	-	1,018.91	-
	[Above deposits includes Rs. 2.02 lacs as at 31 March, 2018 (Rs. 2.22 lacs as at 31 March, 2017) pledged with government authorities]				
		6,412.84	**929.29**	**1,020.11**	**721.17**

08 OTHER ASSETS

Rs. in lacs

		As at 31 March, 2018		As at 31 March, 2017	
		Non-current	Current	Non-current	Current
(a)	Capital advances	16,824.26	-	16,824.26	-
(b)	Advances to related parties [Refer note 33]	-	50.98	-	20.00
(c)	Other loans and advances				
	(i) Advances with public bodies	608.71	946.47	608.71	149.86
	(ii) Other advances and prepayments	19.29	630.42	11.66	564.16
	(iii) Prepaid lease payments				
	- Prepaid lease payments cost	42.42	0.47	42.42	0.47
	Less: Prepaid lease payments amortisation	(16.09)	-	(15.62)	-
		17,478.59	**1,628.34**	**17,471.43**	**734.49**

Notes to the Standalone Financial Statements

09 INVENTORIES

(lower of cost and net realisable value)

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Raw materials	6,858.03	3,854.26
(b) Finished goods	691.58	218.11
(c) Stores and spares	859.26	835.29
Total inventories	**8,408.87**	**4,907.66**

Note: Refer Note 37 for information on inventories hypothecated as security by the Company.

10 TRADE RECEIVABLES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Current		
a) Unsecured, considered good	5,880.50	3,576.67
Total trade receivables	**5,880.50**	**3,576.67**
Trade receivables	5,251.50	3,089.90
Receivables from related parties (Refer note 33)	629.00	486.77
	5,880.50	**3,576.67**

Note:

a. Refer Note 28 for information about credit risk and market risk on receivables.

b. Refer Note 37 for information on Trade receivable hypothecates as security by the Company.

11 (i) CASH AND CASH EQUIVALENTS

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Balances with scheduled banks		
(1) In current accounts	3,537.41	229.69
(2) In demand deposit accounts	7,711.28	30,235.31
(b) Cash on hand	0.69	1.39
Total Cash and cash equivalents as per Statement of Cash Flows	**11,249.38**	**30,466.39**

(ii) OTHER BANK BALANCES

In Unclaimed Dividend Accounts @	227.33	207.57
Fixed Deposit Accounts (with maturity of more than three months but less than twelve months)	30,684.00	-
	30,911.33	**207.57**
@ Includes earmarked balances in unclaimed dividend accounts	227.33	207.57

Notes to the Standalone Financial Statements

(iii) DISCLOSURE OF SPECIFIED BANK NOTES (SBNs)

The details of Specified Bank Notes (SBNs) or other denomination notes, as defined in the MCA notification G.S.R. 308(E) dated 30 March, 2017, held and transacted during the period from 8 November, 2016 to 30 December, 2016 is provided in the table below:

Particulars	SBNs* (Rs.)	Other denomination notes (Rs.)	Total (Rs.)
Closing cash in hand as on 8 November, 2016	1,22,500.00	37,607.50	1,60,107.50
Add: Permitted receipts	-	6,71,872.00	6,71,872.00
Less: Permitted payments	-	(5,27,434.50)	(5,27,434.50)
Less: Amount deposited in Banks	(1,22,500.00)	-	(1,22,500.00)
Closing cash in hand as on 30 December, 2016	**-**	**1,82,045.00**	**1,82,045.00**

* For the purposes of this note, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November, 2016.

(iv) There are no repatriation restrictions with regard to cash and case equivalent as at the year end of the current reporting period and prior period.

12 EQUITY SHARE CAPITAL

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Authorised Share Capital:		
25,000,000 fully paid equity shares of Rs. 10 each	2,500.00	2,500.00
(As at 31 March, 2017: 25,000,000 fully paid equity shares of Rs. 10 each)		
	2,500.00	**2,500.00**
(b) Issued, subscribed and fully paid up :		
15,400,000 equity shares of Rs. 10 each	1,540.00	1,540.00
(As at 31 March, 2017: 15,400,000 fully paid equity shares of Rs. 10 each)		
	1,540.00	**1,540.00**

(c) Fully paid equity shares

	No. of equity shares	Amount Rs. in lacs
As at 1 April, 2016 (15,400,000 equity shares of Rs. 10 each)	1,54,00,000	1,540.00
Changes in equity share capital during the year	-	-
As at 31 March, 2017	**1,54,00,000**	**1,540.00**
Changes in equity share capital during the year	-	-
As at 31 March, 2018 (15,400,000 equity shares of Rs. 10 each)	**1,54,00,000**	**1,540.00**

Notes to the Standalone Financial Statements

(d) Shares held by holding Company

	As at 31 March, 2018		As at 31 March, 2017	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares		-		
Tata Steel Limited (Holding Company)	83,93,554	54.50%	83,93,554	54.50%
	83,93,554	**54.50%**	**83,93,554**	**54.50%**

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

	As at 31 March, 2018		As at 31 March, 2017	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares				
Tata Steel Limited (Holding Company)	83,93,554	54.50%	83,93,554	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.

13 OTHER EQUITY

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
General reserves	77,000.00	77,000.00
Retained earnings	20,233.59	8,186.74
Other items of other comprehensive income	(130.99)	(242.24)
Total	**97,102.60**	**84,944.50**

Rs. in lacs

Particulars	Reserves and surplus		Items of other comprehensive income	
	General reserves	Retained earnings	Other items of other comprehensive income	Total
Balance as at 1 April, 2016	77,000.00	4,166.21	(106.09)	81,060.12
Profit for the year	-	5,874.04	-	5,874.04
Remeasurement gains / (losses) on defined benefit plans	-	-	(208.21)	(208.21)
Tax impact on other comprehensive income (OCI)	-	-	72.06	72.06
Dividend paid during the year	-	(1,540.00)	-	(1,540.00)
Tax on dividend	-	(313.51)	-	(313.51)
Balance as at 31 March, 2017	**77,000.00**	**8,186.74**	**(242.24)**	**84,944.50**
Profit for the period	-	14,085.71	-	14,085.71
Remeasurement gains / (losses) on defined benefit plans	-	-	170.13	170.13
Tax impact on other comprehensive income (OCI)	-	-	(58.88)	(58.88)
Dividend paid during the year	-	(1,694.00)	-	(1,694.00)
Tax on dividend	-	(344.86)	-	(344.86)
Balance as at 31 March, 2018	**77,000.00**	**20,233.59**	**(130.99)**	**97,102.60**

Notes to the Standalone Financial Statements

14 PROVISIONS

Rs. in lacs

		As at 31 March, 2018		As at 31 March, 2017	
		Non-current	Current	Non-current	Current
(a)	Provision for employee benefits				
	Post-employment defined benefits	1,168.89	117.37	1,281.39	76.64
(b)	Other provisions				
	(i) Provision for VAT, entry tax and sales tax	-	2,538.75	-	2,512.77
	(ii) Provision for cross subsidy surcharge payable	-	601.00	-	601.00
	(iii) Provision for interest on income tax	-	1,887.91	-	1,589.31
	Total provisions	**1,168.89**	**5,145.03**	**1,281.39**	**4,779.72**

15 DEFERRED TAX LIABILITIES (NET)

The following is the analysis presented in the standalone balance sheet:

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Deferred tax liabilities	3,087.66	3,257.06
Deferred tax assets	(1,289.45)	(1,351.35)
Deferred tax liabilities (net)	**1,798.21**	**1,905.71**

Rs. in lacs

	Deferred tax liability/ (asset) as a 31 March, 2017	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax liability/ (asset) as at 31 March , 2018
Deferred tax liabilities				
(i) Property, plant and equipment	3,257.06	(169.40)	-	3,087.66
	3,257.06	**(169.40)**	**-**	**3,087.66**
Deferred tax assets				
(i) Provision for compensated absences	(153.20)	(0.02)	-	(153.22)
(ii) Remeasurement gain/(loss) arising from defined benefit plans	(72.06)	-	58.88	(13.18)
(iii) Disallowances on payment basis	(1,126.09)	3.04	-	(1,123.05)
	(1,351.35)	**3.02**	**58.88**	**(1,289.45)**
Deferred tax liabilities (net)	**1,905.71**	**(166.38)**	**58.88**	**1,798.21**

Note : Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

Notes to the Standalone Financial Statements

16 TRADE PAYABLES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Current		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note below)	176.10	16.35
(ii) Total outstanding dues of trade payables other than micro enterprises and small enterprises		
(a) Trade payables for supplies and services	5,321.45	4,270.59
(b) Others		
- Trade payables for accrued wages and salaries	1,192.61	965.52
Total Trade Payables	**6,690.16**	**5,252.46**
Trade payable	4,486.07	3,277.90
Trade payable to related parties	2,204.09	1,974.56
Total Trade Payables	**6,690.16**	**5,252.46**

Note:

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The amount due to the Micro and Small Enterprise as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of the information available with the Company, which has been relied upon by the auditors.

Rs. in lacs

		As at 31 March, 2018	As at 31 March, 2017
(a)	(i) The principal amount remaining unpaid to supplier as at end of the period	176.10	16.35
	(ii) Interest due thereon	-	-
(b)	Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day	-	-
(c)	Interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d)	Interest accrued and remaining unpaid	-	-
(e)	Further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Refer Note 28 for information about credit risk and market risk in trade payables.

17 OTHER CURRENT LIABILITIES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Advances from customers	110.61	666.11
(b) Other payables		
(i) Employee recoveries and employer contributions	62.14	59.97
(ii) Statutory liabilities (GST, Excise duty, service tax, sales tax, TDS, etc.)	1,993.37	580.27
Total other current liabilities	**2,166.12**	**1,306.35**

Notes to the Standalone Financial Statements

18 OTHER FINANCIAL LIABILITIES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Creditors for capital supplies and services	72.62	71.05
(b) Other credit balances	122.83	56.34
(c) Unpaid dividends	227.33	207.62
Total other financial liabilities	**422.78**	**335.01**

19 CURRENT TAX LIABILITIES (NET)

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Provision for tax (net of advance tax)	5,390.33	3,234.86
Total current tax liabilities	**5,390.33**	**3,234.86**

19 A: NON CURRENT TAX ASSETS

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Advance tax and Tax Deducted at Sources (net of provision)	2,812.63	2,812.63
Total non current tax assets	**2,812.63**	**2,812.63**

20 REVENUE FROM OPERATIONS

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Sale of sponge iron (including excise duty Rs.1,647.81 lacs up to 30 June, 2017 Rs. 5,785.30 lacs for the year ended 31 March, 2017)	75,516.55	56,344.27
(b) Sale of power	5,541.36	5,003.08
(c) Other operating revenue		
- Sale of iron ore fines, coal fines, char and paving etc.	606.63	168.72
Gross revenue from operations	**81,664.54**	**61,516.07**

Notes to the Standalone Financial Statements

21 OTHER INCOME

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Interest income earned on financial assets that are not designated at fair value through profit or loss		
	(i) Bank deposits (at amortised cost)	2,398.13	1,877.04
	(ii) Other financial assets carried at amortised cost	364.42	291.12
(b)	Dividend income		
	(i) From equity investments	74.48	70.00
	(ii) From Investment in Mutual fund (current)	1,121.54	1,290.51
	(iii) Changes in fair value of financial assets at fair value through Profit & Loss (current)	4.41	-
	(iv) Changes in fair value of financial assets at fair value through Profit & Loss (Non - current)	91.68	-
(c)	Liabilities no longer required written back	0.29	27.39
(d)	Net gain on sale of current investments	-	3.81
(e)	Net gain on foreign currency transactions	32.11	9.34
(f)	Other non-operating income	214.15	132.82
Total other income		**4,301.21**	**3,702.03**

22 COST OF MATERIALS CONSUMED

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Opening stock	3,854.26	1,835.48
Add: Purchases of materials	53,062.08	38,987.04
	56,916.34	**40,822.52**
Less: Closing stock	6,858.03	3,854.26
Total cost of materials consumed	**50,058.31**	**36,968.26**
Cost of materials consumed comprises		
(a) Iron ore	17,724.81	14,492.13
(b) Coal	31,866.75	22,170.13
(c) Dolomite	466.75	306.00
Total cost of materials consumed	**50,058.31**	**36,968.26**

23 CHANGES IN INVENTORIES OF FINISHED GOODS

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Finished goods		
Opening stock	218.11	543.02
Less: Closing stock	691.58	218.11
Net (increase) / decrease in finished goods	**(473.47)**	**324.91**

Notes to the Standalone Financial Statements

24 EMPLOYEE BENEFITS EXPENSE

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Salaries and wages	3,425.09	3,929.29
(b)	Contribution to provident and other funds (see Note 34)	398.52	386.07
(c)	Staff welfare expenses	356.83	315.61
Total employee benefits expense		**4,180.44**	**4,630.97**

25 FINANCE COSTS

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Interest expenses		
	Interest on statutory dues	324.67	244.40
Total finance costs		**324.67**	**244.40**

26 DEPRECIATION AND AMORTISATION EXPENSE

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Depreciation of property, plant and equipment (Refer Note 03)	1,062.67	1,108.83
(b)	Amortisation of intangible assets (Refer Note 04)	167.61	167.48
Total depreciation and amortisation expenses		**1,230.28**	**1,276.31**

Notes to the Standalone Financial Statements

27 OTHER EXPENSES

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Consumption of stores and spare parts	1,032.29	990.45
(b)	Fuel oil consumed	111.78	88.42
(c)	Purchase of power	10.01	15.88
(d)	Rent	79.29	76.49
(e)	Repairs to buildings	378.67	400.78
(f)	Repairs to machinery	1,365.32	1,695.77
(g)	Insurance	70.09	29.36
(h)	Rates and taxes	996.79	526.54
(i)	Freight and handling charges	698.56	670.68
(j)	Commission, discounts and rebates	42.10	44.11
(k)	Packing and forwarding	488.09	467.28
(l)	Excise duty on change in finished goods	(35.55)	(29.49)
(m)	Other expenses		
	(1) Legal and professional costs	657.75	657.75
	(2) Advertisement, promotion and selling expenses	33.18	40.33
	(3) Travelling expenses	136.93	123.80
	(4) Loss on disposal of property plant and equipment	3.49	6.96
	(5) Corporate social responsibility expenses	180.46	219.21
	(6) Other general expenses (*)	1,730.13	1,616.35
Total other expenses		**7,979.38**	**7,640.67**

(*) Includes R & D expenses amounting to Rs. 11.40 lacs (31 March, 2017 Rs. 11.51 lacs) paid to Indian Institute of Technology , Bhubaneswar

27.1 Payments to auditors

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(1)	Auditors remuneration and out-of-pocket expenses		
	(i) As auditors - statutory audit	9.72	11.15
	(ii) As auditors - quarterly audits	7.60	10.92
	(iii) As auditors - tax audit	2.02	2.02
	(iv) For other services	-	5.09
	(v) Auditors out-of-pocket expenses	6.13	2.57
		25.47	**31.75**

27.1A Income tax recognised in Statement of Profit and Loss

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Current tax		
On profit for current year	7,099.00	2,669.00
	7,099.00	**2,669.00**
Deferred tax (Refer Note 15)		
In respect of the current year	(166.38)	(195.76)
	(166.38)	**(195.76)**
Total tax expense (Refer reconciliation below)	**6,932.62**	**2,473.24**

Notes to the Standalone Financial Statements

The income tax expense for the year can be reconciled to the accounting profit as follows:

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Profit before tax	21,018.33	8,347.28
Income tax expense calculated at enacted Income tax rate of 34.608% (31 March, 2017:34.608%)	7,274.02	2,888.83
Effect of income that is exempt from taxation	(447.17)	(470.85)
Effect of expenses that are not deductible in determining taxable profit	105.67	54.83
Others	0.10	0.43
Income tax expense recognised in Statement of Profit and Loss	**6,932.62**	**2,473.24**

28 (A) FINANCIAL RISK MANAGEMENT:

The Company's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Company, derivative financial instruments viz.foreign exchange forward contracts are entered where cosidered appropriate to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Company's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit committee and the Board of Directors. This process provides assurance that the Company's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Credit risk management:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, investments in mutual funds and balances with banks.

Trade Receivables

Trade receivables are typically unsecured, considered good and are derived from revenue earned from customers. Customer credit risk is managed as per Company's policy and procedures which involve credit approvals,establishing credit limits and continually monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and the shipments to customers are generally covered by letters of credit or other forms of credit assurance.

Other Financial Assets

Credit risk from balances with banks, term deposits, loans and investments is managed by Company's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Company monitors ratings, credit spreads and financial strength of its counterparties.

Financial Assets that are Neither Past Due Nor Impaired

None of the Company's cash equivalents with banks, loans and investments as at 31 March, 2018 and 31 March, 2017 were past due or impaired. Total trade receivables of Rs.5,880.50 lacs as at 31 March, 2018 and Rs. 3,576.67 lacs as at 31 March, 2017 consisted of customer balances that were neither past due nor impaired.

Notes to the Standalone Financial Statements

(ii) Liquidity risk management:

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and maintain adequate source of financing. The Company generates sufficient cash flows from current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as long-term

(a) Financing Arrangements

The Company has unutilised Fund based arrangement with banks for Rs. 11000.00 lacs (31 March 2017: Rs. 11000.00 lacs). The Company has also Non-Fund based facilities with banks for Rs. 21315.00 lacs (31 March 2017: Rs. 31315.00 lacs) which may be utilised at anytime and the banks have a right to terminate the same without notice.

(b) Maturities of Financial Liabilities

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Within 1 year Rs. in lacs	More than 1 year Rs. in lacs
As at 31 March, 2018		
Trade payables	6,690.16	-
Other financial liabilities - current	422.78	-
As at 31 March, 2017		
Trade payables	5,252.46	-
Other financial liabilities - current	335.01	-

(iii) Market risk:

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currencies (primarily US Dollars). The Company has foreign currency trade payables and and is therefore exposed to foreign currency risk. Foreign currency risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

(a) Foreign Currency Risk Exposure

The Company does not have any exposure to foreign currency risk at the end of the reporting period.

(b) Sensitivity

The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

Notes to the Standalone Financial Statements

(iv) Securities Price risk:

The Company is exposed to price risks arising from fair valuation of Company's investment in mutual funds. The carrying amount of the Company's investments designated as at fair value through profit or loss at the end of the reporting period (Refer Note no 5)

Rs. in lacs

	Impact on Profit Before Tax	
	Year ended 31 March, 2018	Year ended 31 March, 2017
NAV -Increase by 1%*	197.77	261.42
NAV -Decrease by 1%*	(197.77)	(261.42)
* Holding all other variables constant		

(v) Commodity Price Risk:

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchase of imported coal for production of finished goods. Cost of raw materials forms the largest portion of the Company's cost of sales. Market forces generally determine prices for the coal purchased by the Company.These prices may be influenced by factors such as supply and demand, production costs and global and regional economic conditions and growth. Adverse changes in any of these factors may impact the results of the Company.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

(B) CAPITAL MANAGEMENT:

(a) Risk Management

The objective of the Company's capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through operating cash flows generated and the Company does not have any borrowings. The Company is not subject to any externally imposed capital requirements.

(b) Dividends on Equity Shares

	Year ended 31 March, 2018	Year ended 31 March, 2017
Dividend Declared and Paid during the year		
Final dividend for the year ended 31 March, 2017 of Rs. 11.00 (31 March, 2016 – Rs.10.00) per fully paid share (Rs. Per Share)	11.00	10.00
Dividend Distribution Tax on above 31 March, 2017 of Rs.2.24 (31 March, 2016 – Rs.2.04) per fully paid share (Rs. Per Share)	2.24	2.04
Proposed Dividend Not Recognised at the end of the Reporting Period		
In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Rs. 20 per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	20.00	
Dividend Distribution Tax on above (Rs. Per Share)	4.11	

Notes to the Standalone Financial Statements

(c) Financial Instruments by Category

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2018 is as follows:

Rs. in lacs

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investment in Mutual Fund	19,777.13	-	-	19,777.13
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	5,880.50	5,880.50
Cash and cash equivalents	-	-	11,249.38	11,249.38
Other bank balances	-	-	30,911.33	30,911.33
Other financial assets - non-current	-	-	6,412.84	6,412.84
Other financial assets - current	-	-	929.29	929.29
Total	**19,777.13**	**80.00**	**55,383.34**	**75,240.47**
Investment in equity shares of subsidiaries carried at cost less impairment				106.01
Liabilities:				
Trade payables	-	-	6,690.16	6,690.16
Other financial liabilities - current	-	-	422.78	422.78
Total	**-**	**-**	**7,112.94**	**7,112.94**

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2017 is as follows:

Rs. in lacs

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investment in Mutual Fund	26,142.10	-	-	26,142.10
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	3,576.67	3,576.67
Cash and cash equivalents	-	-	30,466.39	30,466.39
Other bank balances	-	-	207.57	207.57
Other financial assets - non-current	-	-	1,020.11	1,020.11
Other financial assets - current	-	-	721.17	721.17
Total	**26,142.10**	**80.00**	**35,991.91**	**62,214.01**
Investment in equity shares of subsidiaries carried at cost less impairment				106.01
Liabilities:				
Trade payables	-	-	5,252.46	5,252.46
Other financial liabilities - current	-	-	335.01	335.01
Total	**-**	**-**	**5,587.47**	**5,587.47**

Fair value measurement:

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March, 2017.

Notes to the Standalone Financial Statements

The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(b) The management assessed that fair values of, Current Investments, trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), trade payables, and other financial liabilities (current), approximate to their carrying amounts due to the short-term maturities of these instruments.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classifed its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Level 2: The fair value of Financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Rs. in lacs

Particulars	As at 31 March, 2018	Fair value measurement at end of the reporting year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	19,777.13	19,777.13	-	-	Based on the declared NAV.
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	Share in the investee Company is unlisted and there are certain restrictions on disinvestments of such shares by the Company as this is a strategic investment. Further, there is a wide range of possible fair value measurements and the management in a prudent basis has considered to keep the investment at cost as the best representation of fair value.
Total financial assets	**19,857.13**	**19,777.13**	**-**	**80.00**	

Notes to the Standalone Financial Statements

Rs. in lacs

Particulars	As at 31 March, 2017	Fair value measurement at end of the reporting year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	26,142.10	26,142.10	-	-	Same as above.
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	Same as above.
Total financial assets	**26,222.10**	**26,142.10**	**-**	**80.00**	

29 EARNINGS PER SHARE

	Year ended 31 March, 2018	Year ended 31 March, 2017
Net profit for the year (Rs. In lacs)	14,085.71	5,874.04
Weighted average number of equity shares outstanding during the year (Nos.)	1,54,00,000	1,54,00,000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	91.47	38.14

Note: The Company did not have any potentially dilutive securities in any of the period presented.

30 CONTINGENT LIABILITIES

Rs. in lacs

		As at 31 March, 2018	As at 31 March, 2017
(a)	**Claims against the Company not acknowledged as debts**		
(a)	Income tax	159.28	154.04
(b)	Odisha entry tax	2,579.93	2,579.93
(c)	Customs duty (Refer note below)	3,818.44	3,818.44
(d)	Demand from Ministry of Coal against Radhikapur coal block [Refer note 31]	3,250.00	3,250.00
(e)	Demand from suppliers	152.13	152.13
		9,959.78	**9,954.54**

Note:

The above includes demand received from Commissioner of Customs (Preventive) aggregating to Rs. 4,398.99 lacs pertaining to the financial year 2012-13 on account of levy of additional customs duty on classification of the imported coal as bituminous coal as against Company's classification as steam coal. During the year, the Company has filed an appeal against the aforesaid order in the Customs, Excise and Service Tax Appellate Tribunal, Kolkata. The Company had paid an amount of Rs. 1,087.94 lacs and recognised the non-cenvatable portion of the duty and applicable interest as expense whereas cenvatable portion had been recognised as an advance in the year 2012-13.

Notes to the Standalone Financial Statements

(b) Other money for which the Company is contingently liable

		Rs. in lacs	
		As at 31 March, 2018	As at 31 March, 2017
(i)	Renewable energy purchase obligation	632.89	632.89
(ii)	Excise Duty	2,472.85	2,349.66
		3,105.74	**2,982.55**

In respect of above, it is not practicable for the Company to estimate the timings of cash outflows,if any, pending resolution of the respective proceedings. The company does not expect any reimbursements in respect of the above

(c) 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 Orissa Power Transmission Corporation Limited ("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. 601.00 lacs had been provided in the year ended 31 March, 2015.

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

The High Court directed the Sales Tax Authorities to refund the amount after ascertaining that the said refund shall not unjustly enrich the Company. The Sales Tax Officer passed the order stating that the refund shall unjustly enrich the Company against which the Company has filed a writ petition in the High Court challenging the correctness of the assessment and the same is pending. Pending finalisation of the matter no adjustments have been made in the financial statements.

As per Industrial Policy Resolution 1992 of Government of Odisha, the Company has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Company 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 lacs had to correspondingly reduce and accordingly made reduced payment. The Company however had provided the differential amount of Rs. 513.83 lacs upto the date of availing the benefit i.e., upto 31 March, 2012. The Company had started collecting sales tax on sale of sponge iron produced in those kilns w.e.f. 1 April, 2012 and depositing the same with Sales Tax Authorities after availing set off of applicable input tax credit.

31 (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 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.

Notes to the Standalone Financial Statements

(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 amount incurred on the Radhikapur (East) Coal Block upto 31 March, 2018 aggregates to Rs. 18,040.96 lacs (31 March, 2017: Rs. 18,040.96 lacs).

(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 allocattee the expenses incurred by the prior allocattee towards land and mine infrastructure. Pursuant to the judgement dated 9 March, 2017 of the Hon'ble High Court of Delhi in W.P (c) 973/2015, the nominated Authority MoC vide its letter dated 1 February, 2018, the Company has furnished the required statement of expenses and other details in the prescribed format on 22 February, 2018. Relying on the legal position and legal opinion obtained by the Company in respect of the recoverability of the amount, no provision is considered necessary.

32 Estimated amounts of contracts remaining to be executed on capital account and not provided for :Rs.156.95 lacs (As at 31 March, 2017: Rs.152.49 lacs) Net of advances Rs. 0.31 lacs (As at 31 March, 2017 Rs. 19.06 lacs.)

33. RELATED PARTY TRANSACTION

(A) Related Parties

Name of Related Party	Relationship
Where Control exists:	
Tata Sons Limited	Company having significant Influence - Ultimate Controlling Party (UCP)
Tata Steel Limited	Holding Company
TSIL Energy Limited	Wholly owned subsidiary Company
Others with whom transactions have taken place during the year	
The Tinplate Company of India Limited	Fellow Subsidiary
Tata Pigments Limited	
The Indian Steel and Wine Products Limited	
Tata Metaliks Limited	
TM International Logistics Limited	Joint venture with TATA Steel Limited
Mjunction Services Limited	
Jamipol Limited	
Tata Bluescope Steel Limited	
Tata International Limited	Subsidiary of TATA Sons Limited
Tata International Singapore PTE Limited	
TC Travel & Services Limited	
TRL Krosaki Refractories Limited	Associate of TATA Steel Limited
Mr. Sanjay Kumar Pattnaik (Executive director upto 31 October, 2016 Managing Director w.e.f. 1 November, 2016)	Key Manangement personnel - Executive Director (MD)
Mr. D P Deshpande (Managing Director upto 31 October, 2016)	Key Manangement personnel - Executive Director (MD)
Mr. A M Misra, Mr. D K Banerjee, Mr. P. C. Parakh, Mr. Manoj T. Thomas, Mr. Krishnava S. Dutt, Mr. R. Ranganath, Mrs. Meena Lall, Dr. Omkar N Mohanty	Key Manangement personnel -Non- Executive Director (NED)
Tata Sponge Iron Limited Employees Provident Fund Trust	Post Employment Benefit Plans (PEBP) as per Ind AS 24
Tata Sponge Iron Limited Superannuation Fund	
Tata Sponge Iron Limited Gratuity Fund	

Notes to the Standalone Financial Statements

(B) Particulars of transactions during the year

Rs. in lacs

A Particulars	Sale of goods		Purchase of goods		Dividend income		Dividend paid	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Holding Company								
Tata Steel Limited	311.77	35.84	18,006.49	14,252.45		-	923.29	839.36
Total	**311.77**	**35.84**	**18,006.49**	**14,252.45**	**-**	**-**	**923.29**	**839.36**
Fellow subsidiary								
The Indian Steel and Wire Products Limited	-	-	3.13	5.49	-	-	-	-
Tata Metaliks Limited	198.37	19.12	-	-	-	-	-	-
Tata Pigments Limited	-	-	-	1.13	-	-	-	-
Total	**198.37**	**19.12**	**3.13**	**6.62**	**-**	**-**	**-**	**-**
Associate of Tata Steel								
TRL Krosaki Refractories Limited	-	-	57.68	-	-	-	-	-
Total	**-**	**-**	**57.68**	**-**			**-**	**-**
Joint venture of Tata Steel								
Jamipol Limited	-	-	-	-	74.48	70.00	-	-
Tata Bluescope Steel Limited	-	-	56.67	-	-	-	-	-
Total	**-**	**-**	**56.67**	**-**	**74.48**	**70.00**	**-**	**-**
Subsidiary of Tata Sons Limited								
Tata International Limited	8,605.84	4,234.12	2,227.43	2,148.44	-	-	-	-
Tata International Singapore PTE Limited	-	-	20,239.97	12,788.41	-	-	-	-
Total	**8,605.84**	**4,234.12**	**22,467.40**	**14,936.85**	**-**	**-**	**-**	**-**

Rs. in lacs

B Particulars	Sale of power		Services received		Reimbursement of expenses	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Company having significant influence						
Tata Sons Limited	-	-	214.55	159.15	-	-
Total	**-**	**-**	**214.55**	**159.15**	**-**	**-**
Holding Company						
Tata Steel Limited	5,512.26	4,988.45	40.29	30.69	-	-
Total	**5,512.26**	**4,988.45**	**40.29**	**30.69**	**-**	**-**
Fellow subsidiary						
The Tinplate Company of India Limited	-	-	0.03	0.03	-	-
Jamshedpur Utilities & Services Company Limited	-	-	-	0.04	-	-
Total	**-**	**-**	**0.03**	**0.07**	**-**	**-**
Joint Venture of Tata Steel						
TM International Logistics Limited			713.22	689.64	619.90	605.46
Mjunction Services Limited	-	-	2.36		-	-
Total	**-**	**-**	**715.58**	**689.64**	**619.90**	**605.46**
Subsidiary of Tata Sons Limited						
Tata International Limited	-	-	-	-	666.75	600.48
Tata International Singapore PTE Limited	-	-	-	-	208.90	6.94
TC Travel & Services Limited	-	-	33.68	25.10	34.77	28.99
Tata Consultancy Services Limited	-	-	-	35.69	-	-
Total	**-**	**-**	**33.68**	**60.79**	**910.42**	**636.41**

Notes to the Standalone Financial Statements

(C) Compensation of key management personnel

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
MD		
Remuneration		
-Short term Employee Benefits	176.12	279.04
-Post Employment Benefits	25.65	149.12
Total	**201.77**	**428.16**
NED		
Sitting Fees		
Mr. A M Misra	2.30	2.50
Mr. D K Banerjee	2.85	3.20
Mr. Manoj T Thomas	2.70	2.90
Mr. P C Parakh	3.10	2.90
Dr. Omkar Nath Mohanty	3.30	3.10
Mr. Krishnava S Dutt	1.15	1.85
Commission		
Mr. A M Misra	7.83	7.71
Mr. D K Banerjee	5.65	5.82
Mr. P C Parakh	8.70	6.95
Mr. Manoj T Thomas	6.09	6.13
Dr. Omkar Nath Mohanty	6.52	5.11
Mr. Krishnava S Dutt	2.61	3.11
Total	**52.80**	**51.28**

(D) Contribution to PEBP

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Tata Sponge Iron Limited Employees Provident Fund Trust	193.68	194.83
Tata Sponge Iron Limited Superannuation Fund	107.69	108.17
Tata Sponge Iron Limited Gratuity Fund	97.14	83.06
Total	**398.51**	**386.06**

Notes to the Standalone Financial Statements

(E) Balances Outstanding

Rs. in lacs

Particulars	Trade receivables		Trade payables		Advances		Investments	
	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2018	As at 31 March, 2017
Company having significant influence								
Tata Sons Limited	-	-	189.21	135.77	-	-	-	-
Holding Company								
Tata Steel Limited	585.57	486.77	1,989.19	1,391.15	-	-	-	-
Fellow subsidiary								
Tata Metaliks Limited	43.43	-	-	-	-	-	-	-
The Tinplate Company of India Limited	-	-	0.01	-	-	-	-	-
The Indian Steel and Wire Products Limited	-	-	0.83	1.06	-	-	-	-
Joint venture of Tata Steel								
TM International Logistics Limited	-	-			50.98	20.00	-	-
Tata Bluescope Steel Limited	-	-	23.16	-	-	-	-	-
Jamipol Limited	-	-	-	-	-	-	80.00	80.00
Subsidiary of Tata Sons Limited								
Tata International Limited	-		-	411.37	-	-	-	-
TC Travel & Services Limited	-	-	1.69	2.64	-	-	-	-
Tata Consultancy Services Limited				32.57				
Total	**629.00**	**486.77**	**2,204.09**	**1,974.56**	**50.98**	**20.00**	**80.00**	**80.00**

Rs. in lacs

Particulars	As at March 31, 2018	As at March 31, 2017
MD		
Other Current Liabilities	6.23	5.14
NED		
Other Current Liabilities		
Mr. A M Misra	7.83	7.71
Mr. D K Banerjee	5.65	5.82
Mr. Manoj T Thomas	8.70	6.95
Mr. P C Parakh	6.09	6.13
Dr. Omkar N Mohanty	6.52	5.11
Mr. Krishnava S Dutt	2.61	3.11

Notes to the Standalone Financial Statements

34 EMPLOYEE BENEFITS

(a) Superannuation

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Contribution to superannuation fund	107.69	108.17
	107.69	**108.17**

(b) Post Retirement Gratuity and Ex-MD Pension

Description of plan characteristics and associated risks

Gratuity liability arises on retirement, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) upto 30 years of service and beyond 30 years of service, the liability is calculated on the basis of one month salary for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

The Scheme is funded by way of a separate irrevocable Trust and the company is expected to make regular contributions to the Trust. The fund is managed by an insurance company and the assets are invested in their conventional group gratuity product.The fund provides a capital guarantee of the balance accumulated and declares interest periodically that is credited to the fund account. The Trust assets managed by the fund manager are highly liquid in nature and we do not expect any significant liquidity risks. The Trust is responsible for investment of assets of the Trust as well as day to day administration of the scheme.

The gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

1 **Interest risk :** A decrease in the Indian government bond yield rate (discount rate) will increase the plan liability.

2 **Salary risk :** The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

In respect of the plans in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March, 2018 by Mr. Ritobrata Sarkar, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Board of Directors of the Company grants approval for provisions of special retirement benefits to Managing Directors. The retirement benefit incudes indexed monthly pension which is reviewed in every three years and medical benefits. The benefits in short are called as ExMD pension and Post Retirement Medical Benefit(PRMB).Both the benefit schemes are available to the spouses of concern MDs.

The said benefits are not contractual obligation of the company. The provisions of the above benefits can only be given only after signing the agreement containing the no-compete clause. The liability are not funded by the company and disclosed as defined benefit plan.

Notes to the Standalone Financial Statements

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

	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
1 Reconciliation of opening and closing balances of obligation				
a. Opening defined benefit obligation	1,783.95	1,277.01	1,533.44	687.98
b. Current service cost	97.14	-	86.52	-
c. Interest cost	119.78	86.79	111.51	50.96
d. Remeasurement (gains)/losses				
(i) Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
(ii) Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
(iii) Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
e. Benefits paid	(145.58)	(74.42)	(189.34)	(60.74)
f. Past service costs	-	-	-	575.98
g. Acquisition cost	3.18	-	48.33	-
Closing defined benefit obligation	**1,778.80**	**1,169.93**	**1,783.94**	**1,277.01**
2 Movements in the fair value of the plan assets are as follows:				
a. Opening fair value of plan assets	1,783.94	-	1,578.17	-
b. Interest income	119.78	-	114.97	-
c. Remeasurement gains/(losses)				
(i) Return on plan assets (excluding amounts included in net interest expense)	(33.40)	-	9.38	-
d. Contributions from the employer	25.19	-	222.43	-
e. Benefits paid	(145.58)	-	(189.34)	-
f. Acquisition cost	3.18	-	48.33	-
Fair value of plan assets as at end of the year	**1,753.11**	**-**	**1,783.94**	**-**

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
3 Reconciliation of fair value of assets and obligations				
a. Fair value of plan assets as at end of the year	1,753.11	-	1,783.94	-
b. Present value of funded /unfunded defined benefit obligation as at the end of the year	1,778.80	1,169.93	1,783.94	1,277.01
c. Amount recognised in the balance sheet		-	-	-
(i) Retirement benefit asset - Current		-	-	-
(ii) Retirement benefit asset - Non current		-	-	-
(iii) Retirement benefit liability - Current	25.69	70.23	-	68.94
(iv) Retirement benefit liability - Non current	-	1,099.70	-	1,208.07

Notes to the Standalone Financial Statements

4 Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

		Year ended 31 March, 2018		Year ended 31 March, 2017	
		Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
		Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
a.	Service cost				
	(i) Current service cost	97.14	-	86.52	-
	(ii) Past service cost	-	-	-	575.98
b.	Net interest expense	-	86.79	(3.46)	50.96
	Components of defined benefit costs recognised in profit or loss	97.14	86.79	83.06	626.94
	Remeasurement on the net defined benefit liability:				
c.	The return on plan assets (excluding amounts included in net interest expense)	33.40	-	(9.38)	-
d.	Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
e.	Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
f.	Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
	Defined benefit costs recorded in Other comprehensive income	**(46.27)**	**(119.45)**	**184.10**	**22.83**
Total of defined costs		**50.87**	**(32.66)**	**267.16**	**649.77**

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

5 The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC). The details of investments relating to these assets are not shown by LIC. Hence, the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

	As at 31 March, 2018	As at 31 March, 2017
Category of Plan Assets:	In %	In %
Funded with LIC	100%	100%

6 The principal assumptions used for the purposes of the actuarial valuations were as follows:

		As at 31 March, 2018		As at 31 March, 2017	
		Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
a.	Discount rate (per annum)	7.50%	7.50%	7.00%	7.00%
b.	Expected rate of salary increase (per annum)	8.00%	6.00%	8.00%	6.00%
c.	Estimated rate of return on plan asset (per annum)	7.50%	NA	9.10%	NA
d.	Mortality rate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate

Notes to the Standalone Financial Statements

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
e. Withdrawal rate				
- Ages from 20-25			5%	
- Ages from 25-30			3%	
- Ages from 30-35	1.00%	Refer note below	2%	Refer note below
- Ages from 35-50			1%	
- Ages from 50-55			2%	
- Ages from 55-58			3%	

Note :

In respect of Ex - MD Pension, the effects of mortality and withdrawal have been factored by constructing a Multiple Decrement Table taking into account the above mortality table.

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
7 Duration				
Weighted average duration of the defined benefit obligation (Active members)				
Number of years	7	11	6	6
	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)
Maturity Profile of Defined Benefit Obligation				
Within 1 year	145.39	72.81	163.55	71.31
1-2 year	412.69	148.15	369.08	146.91
2-5 years	1163.23	378.64	1,202.11	402.01
Over 5 years	2383.62	1096.87	2,397.95	939.99
8 The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:				
Present value of defined benefit obligation	1,778.80	1,169.93	1,783.94	1,277.01
Fair value of plan assets	1,753.11	-	1,783.94	-
Funded status	(25.69)	(1,169.93)	-	(1,277.01)
Expected contribution (best estimate) to funded plans in subsequent financial year	25.69	NA	163.55	NA

9 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

a) On post retirement gratuity plan

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs.104.19 lacs (increase by Rs. 92.58 lacs) [as at 31 March, 2017: decrease by Rs. 96.08 lacs (increase by Rs. 108.21lacs)].

ii) If the expected salary growth increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 102.96 lacs (decrease by Rs. 93.23 lacs) [as at 31 March, 2017: increase by Rs. 106.16 lacs (decrease by Rs. 96.13 lacs)].

Notes to the Standalone Financial Statements

b) On post retirement pension plan

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 135.73 lacs (increase by Rs. 113.35 lacs) [as at 31 March, 2017: decrease by Rs. 69.98 lacs (increase by Rs. 77.01 lacs)] .

ii) If the expected salary growth increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 136.78 lacs (decrease by Rs. 116.07 lacs) [as at 31 March, 2017: increase by Rs. 77.39 lacs (decrease by Rs. 70.92 lacs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

(c) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Amount Rs. in lacs)

Particulars	Gratuity				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	1,778.80	1,783.94	1,533.44	1,356.52	1,053.91
Fair value of plan assets	1,753.11	1,783.94	1,578.17	1,356.52	1,093.98
Funded status [Surplus / (Deficit)]	(25.69)	-	44.73	-	40.07
Experience gain / (loss) adjustments on plan liabilities	(79.67)	193.48	7.30	(62.91)	(29.12)
Experience gain / (loss) adjustments on plan assets	(33.40)	9.38	11.38	2.11	2.57

d) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Amount Rs. in lacs)

Particulars	Ex-MD Pension				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	1,169.93	1,277.01	687.98	519.93	462.80
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(1,169.93)	(1,277.01)	(687.98)	(519.93)	(462.80)
Experience gain / (loss) adjustments on plan liabilities	(119.44)	22.83	170.21	(6.67)	(8.16)
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

The company ensures that the investment positions are managed within an asset liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the company's ALM objective is to match assets to the gratuity obligations by investing with LIC.

Notes to the Standalone Financial Statements

(c) Details of the unfunded PRMB are as follows:

		Year ended 31 March, 2018	Year ended 31 March, 2017
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
1	**Reconciliation of opening and closing balances of obligation**		
a.	Opening defined benefit obligation	81.02	53.59
b.	Interest cost	5.48	4.02
c.	Remeasurement (gains)/losses		
	(i) Actuarial gains and losses arising from changes in financial assumption	(3.01)	3.57
	(ii) Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(2.29)
d.	Benefits paid	(5.51)	(3.42)
e.	Past service costs	-	25.55
	Closing defined benefit obligation	**76.56**	**81.02**

		As at 31 March, 2018	As at 31 March, 2017
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
2	**Reconciliation of fair value of assets and obligations**		
a.	Fair value of plan assets as at end of the year	-	-
b.	Present value of obligation as at the end of the year	76.56	81.02
c.	Amount recognised in the balance sheet		
	(i) Retirement benefit asset - current	-	-
	(ii) Retirement benefit asset - non current	-	-
	(iii) Retirement benefit liability - current	7.37	7.70
	(iv) Retirement benefit liability - non current	69.19	73.32

3 Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

		As at 31 March, 2018	As at 31 March, 2017
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
a.	Service cost		
	(i) Current service cost	-	-
	(ii) Past service cost	-	-
b.	Net interest expense	5.48	4.18
Components of defined benefit costs recognised in profit or loss		**5.48**	**4.18**
Remeasurement on the net defined benefit liability:			
c.	Actuarial gains and losses arising from changes in financial assumption	(3.01)	-
d.	Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(3.89)
Components of defined benefit costs recorded in other comprehensive income		(4.43)	(3.89)
Total		**1.05**	**0.29**

Notes to the Standalone Financial Statements

4 The principal assumptions used for the purposes of the actuarial valuations were as follows:

		As at 31 March, 2018	As at 31 March, 2017
a.	Discount rate (per annum)	7.50%	7.00%
b.	Medical cost - % of annual entitlement utilised (per annum)	20.00%	20.00%
c.	Mortality rate	LIC Annuitants (1996-98) Ultimate	LIC Annuitants (1996-98) Ultimate

5 Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Amount Rs. in lacs)

Particulars	PRMB				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	76.56	81.02	53.59	54.64	50.86
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(76.56)	(81.02)	(53.59)	(54.64)	(50.86)
Experience gain / (loss) adjustments on plan liabilities	4.43	(1.28)	3.89	3.87	4.25
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

6 The average duration of the defined benefit plan obligation representing average duration for active members is 8 years (As at 31 March, 2017: 6 years).

7 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

On PRMB

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 6.32 lacs (increase by Rs. 5.47 lacs) [as at 31 March, 2017: decrease by Rs. 3.21 lacs (increase by Rs. 3.46 lacs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Additional information relating to employee benefits obligation:

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

2. 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.

3. 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.

Notes to the Standalone Financial Statements

4. Net liabilities for pension, gratuities and post retirement medical benefits is disclosed in note 14 under the heading "Post-employment defined benefits".

5. 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 24 whereas expenses for retiring gratuities are included under the Contribution to Provident and Other Funds in note 24.

(d) Actuarial assumptions for compensated absences

Particulars	Refer note below	As at 31 March, 2018	As at 31 March, 2017
(i) Discount rate (per annum)	1	7.50%	7.00%
(ii) Salary escalation rate (per annum)	3	8.00%	8.00%

Notes :

1. The discount rate is based on the prevailing market yields of Government securities as at the balance sheet date for the estimated term of obligations.
2. The compensated absences plan is Funded.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

(e) Provident Fund - All employees in the rolls of the Company receive provident fund benefits, which are administered by the Provident Fund Trust exempted u/s 17 (1) (a) of Employees Provident Fund and Misc. Provisions Act 1952 set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to Provident Fund Trust. If the Board of Trusties is unable to pay interest at the rate declared for Employees Provident Fund by the Govt. of India under Para 60 of the Employees Provident Fund Scheme, 1952 for the reason that the return on Investment is less or for any other reason then the deficiency shall be made good by the Company. Hence it is a reimbursement made by the Company to the Provident Fund Trust and not a payment made to the members of the Trusts.

The Actuary has carried out year-end actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of Rs.193.68 lacs (2017 - Rs.194.84 lacs) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 24. Disclosures given hereunder are restricted to the information available as per the Actuary's Report.

	As at 31 March, 2018	As at 31 March, 2017
Discount rates	7.50%	7.00%
Expected yield in plan assets	8.75%	8.75%
Guaranteed interest rate	8.55%	8.60%

(f) Risk Exposure

Though its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below:

Discount Rate Risk

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Notes to the Standalone Financial Statements

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

35 SEGMENT REPORTING

(a) The Company has identified business segment as the primary segment. The Company is engaged in production of sponge iron and generation of power from waste heat. Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on manufacture of sponge iron and generation of power, reportable segments for financial statements in accordance with Ind AS 108 "Operating Segment". The Company's activities/ operations are primarily within India.

(b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and 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

Rs. in lacs

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Segment revenue		
Sponge Iron	76,123.17	56,512.98
Power	7,243.08	6,464.50
Less: Inter segment transactions	(1,701.71)	(1,461.41)
	81,664.54	**61,516.07**
Segment results	-	
Sponge Iron	12,471.38	804.98
Power	4,750.88	4,320.17
Unallocated income/(expenditure)	4,120.74	3,466.53
Profit before finance cost & tax	21,343.00	8,591.68
Less: Finance costs	324.67	244.40
Profit before tax	21,018.33	8,347.28
Less: Tax expenses	6,932.62	2,473.24
Profit after tax	14,085.71	5,874.04
Other comprehensive income	111.25	(136.15)
Total comprehensive income for the year	**14,196.96**	**5,737.89**

Segment assets and liabilities

Particulars	As at 31 March, 2018	As at 31 March, 2017
Segment assets		
Sponge Iron	44,572.31	38,309.91
Power	4,573.24	4,722.96
Unallocated	72,278.57	61,547.13
	1,21,424.12	**1,04,580.00**
Segment liabilities	-	-
Sponge Iron	12,766.49	10,479.16
Power	711.24	678.85
Unallocated	9,303.79	6,937.49
	22,781.52	**18,095.50**

Notes to the Standalone Financial Statements

Name of customers who contributed 10% or more to the Company's revenue:

Name of customer	Year ended 31 March, 2018 Amount (Rs. in lacs)	Year ended 31 March, 2017 Amount (Rs. in lacs)
Sponge Iron		
K.D Iron & Steel Co.	7,898.63	6,454.49
Lhaki Steels & Rolling Pvt. Ltd.	9,328.79	9,793.17
Sponge Sales India Pvt. Ltd.	8,028.80	-
TATA International Ltd.	7,848.18	-
Power		
Tata Steel Limited	5457.67	5,003.09
	38,562.07	**21,250.75**

Rs. in lacs

Particulars	As at 31 March, 2018	As at 31 March, 2017
Additions to Non - Current assets		
Sponge Iron	682.55	28.91
Power	-	-
Unallocated	-	-
	682.55	**28.91**
Depreciation and amortisation		
Sponge Iron	989.34	1,031.10
Power	240.94	245.21
Unallocated	-	-
	1,230.28	**1,276.31**

36 DISCLOSURE RELATING TO PROVISIONS AS PER IND AS 37- 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

Notes to the Standalone Financial Statements

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

Rs. in lacs

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Carrying amount as at beginning of the year	2,512.77	2,723.99	601.00	601.00	1,589.31	1,587.00
Provision made during the year	25.98	240.78	-	-	298.60	2.31
Amount paid during the year	-	452.00	-	-	-	-
Unused amount reversed during the year	-	-	-	-	-	-
Carrying amount as at the end of the year	2,538.75	2,512.77	601.00	601.00	1,887.91	1,589.31
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. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence	
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

37 ASSETS HYPOTHECATED AS SECURITY

The carrying amount of inventories and trade receivables (Note 09 & Note 10 respectively) are hypothecated as Primary security and Property, plant and equipment (Note 03) hypothecated as collateral security for working capital requirements.

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. 79.29 lacs (31 March, 2017: Rs. 76.49 lacs) 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 31 March, 2018 : Rs. 179.22 lacs (31 March, 2017: Rs. 218.70 lacs)

Notes to the Standalone Financial Statements

b. Amount spent during the year ended 31 March, 2018 (figures in brackets represents amount for the previous year)

Rs. in lacs

Sl 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	**125.36**	**55.10**	**180.46**
		(166.96)	(52.25)	(219.21)
	Total	**125.36**	**55.10**	**180.46**
		(166.96)	**(52.25)**	**(219.21)**

40 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

41 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28 March 2018. The rules among other key amendments relate to Ind AS 12, Income Taxes, Ind AS 21, The Effects of Changes in Foreign Exchange Rates, Ind AS 28, Investments in Associates and Joint Ventures, Ind AS 40, Investment Property, and Ind AS 115, Revenue from Contracts with Customers. These rules come into force from 1 April 2018. The company is evaluating the effect of the same with respect to the changes in the GAAP.

42 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. 4.28 lacs, which is held in abeyance due to pending legal cases.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Independent Auditors' Report

To the Members of Tata Sponge Iron Limited

Report on the consolidated indian accounting standards (Ind AS) financial statements

1. We have audited the accompanying consolidated Ind AS 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"); (refer Note 44 to the attached consolidated Ind AS financial statements), comprising of the Consolidated Balance Sheet as at 31 March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. 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 judgements 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 has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS financial statements.

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

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Other Matter

8. The consolidated Ind AS financial statements of the Company for the year ended 31 March, 2017 were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated 26 April, 2017, expressed an unmodified opinion on those financial statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. 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 Ind AS financial statements.

(b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and its subsidiary.

(c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to the preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on April 1, 2018 taken on record by the Board of Directors of the Holding Company and its subsidiary respectively, none of the directors of the Group company is disqualified as on March 31, 2018 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 with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group – Refer Note 30 to the consolidated Ind AS financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2018.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary company incorporated in India during the year ended March 31, 2018 except for amounts aggregating to Rs 4.28 lakhs relating to the Holding Company, which according to the information and explanations provided by management is held in abeyance due to pending legal cases. (Refer Note 43 to the consolidated Ind AS financial statements).

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E300009

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Tata Sponge Iron Limited on the consolidated financial statements for the year ended March 31, 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, 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

2. The respective Board of Directors of the Holding company its subsidiary company and ,its associate company to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 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 Act.

Auditor's Responsibility

3. 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 ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

4. 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.

5. 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

6. 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

7. 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

8. In our opinion, the Holding Company, and 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 March 31, 2018, 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 Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number: 304026E/E300009

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

TATA SPONGE IRON LIMITED

Consolidated Balance Sheet

as at 31 March, 2018

Rs. in lacs

	Notes	As at 31 March, 2018	As at 31 March, 2017
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	03	14,666.50	15,079.72
(b) Capital work-in-progress	03	582.19	563.48
(c) Intangible assets	04	233.03	390.95
(d) Financial assets			
(i) Investments	05	7,171.68	80.00
(ii) Loans	06	15.29	19.71
(iii) Other financial assets	07	6,412.84	1,020.11
(e) Non current tax assets	19 A	2,812.63	2,812.63
(f) Other non-current assets (net)	08	17,478.59	17,471.43
Total non-current assets		**49,372.75**	**37,438.03**
(2) Current assets			
(a) Inventories	09	8,408.87	4,907.66
(b) Financial assets			
(i) Investments	05	12,800.83	26,255.33
(ii) Trade receivables	10	5,880.50	3,576.67
(iii) Cash and cash equivalents	11 (i)	11,251.88	30,468.08
(iv) Other bank balances	11 (ii)	30,911.33	207.57
(v) Loans	06	252.20	279.91
(vi) Other financial assets	07	929.29	721.17
(c) Other current assets	08	1,628.34	734.49
Total current assets		**72,063.24**	**67,150.88**
Total assets		**1,21,435.99**	**1,04,588.91**
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	12	1,540.00	1,540.00
(b) Other equity	13	97,112.60	84,952.26
Total equity		**98,652.60**	**86,492.26**
(2) Liabilities			
Non-current liabilities			
(a) Provisions	14	1,168.89	1,281.39
(b) Deferred tax liabilities (net)	15	1,798.21	1,905.71
Total non-current liabilities		**2,967.10**	**3,187.10**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16	6,692.03	5,253.61
(ii) Other financial liabilities	18	422.78	335.01
(b) Provisions	14	5,145.03	4,779.72
(c) Current tax liabilities (net)	19	5,390.33	3,234.86
(d) Other current liabilities	17	2,166.12	1,306.35
Total current liabilities		**19,816.29**	**14,909.55**
Total liabilities		**22,783.39**	**18,096.65**
Total equity and liabilities		**1,21,435.99**	**1,04,588.91**

The accompanying notes form an integral part of the Consolidated Balance Sheet

This is the Consolidated Balance Sheet referred to our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2018

Rs. in lacs

		Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
I	Revenue from operations	20	81,664.54	61,516.07
II	Other income	21	4,306.36	3,707.29
III	**Total income (I + II)**		**85,970.90**	**65,223.36**
IV	**Expenses:**			
	Cost of materials consumed	22	50,058.31	36,968.26
	Changes in inventories of finished goods and stock in trade	23	(473.47)	324.91
	Excise duty on sale of goods		1,647.81	5,785.30
	Employee benefits expense	24	4,180.44	4,630.97
	Finance costs	25	324.67	244.40
	Depreciation and amortisation expense	26	1,230.28	1,276.31
	Other expenses	27	7,982.29	7,642.93
	Total expenses (IV)		**64,950.33**	**56,873.08**
V	**Profit before tax (III - IV)**		21,020.57	8,350.28
VI	**Tax expense:**			
	(1) Current tax	27.1A	7,099.00	2,669.00
	(2) Deferred tax	15	(166.38)	(195.76)
	Total tax expense VI		**6,932.62**	**2,473.24**
VII	**Profit for the year (V - VI)**		14,087.95	5,877.04
VIII	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurement of the defined benefit plans		170.13	(208.21)
	(b) Income tax relating to items that will not be reclassified to profit or loss		(58.88)	72.06
IX	**Total other comprehensive income**		**111.25**	**(136.15)**
X	**Total comprehensive income for the year (VII+VIII)** (Comprising profit and other comprehensive income for the year)		14,199.20	5,740.89
XI	**Earnings per equity share (face value of Rs. 10 each) :**			
	(1) Basic (in Rs.)	29	91.48	38.16
	(2) Diluted (in Rs.)		91.48	38.16

The accompanying notes form an integral part of the Consolidated Statement of Profit and Loss

This is the Consolidated Statement of Profit and Loss referred to our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2018

A) EQUITY SHARE CAPITAL

Rs. in lacs

		Notes	
(a)	**As at 1 April, 2016** (15,400,000 equity shares of Rs. 10 each)	12	1,540.00
	Changes in equity share capital during the year		-
	As at 31 March, 2017 (15,400,000 equity shares of Rs. 10 each)		**1,540.00**
	Changes in equity share capital during the year		-
	As at 31 March, 2018 (15,400,000 equity shares of Rs. 10 each)		1,540.00

B) OTHER EQUITY

Rs. in lacs

Particulars	Notes	Reserves and surplus		Items of other comprehensive income	Total
		Generalreserves	Retained earnings	Other items of other comprehensive income	
As at 1 April, 2016	13	77,000.00	4,170.97	(106.09)	81,064.88
Profit for the year		-	5,877.04	-	5,877.04
Remeasurement gains / (losses) on defined benefit plans		-	-	(208.21)	(208.21)
Tax impact on other comprehensive income (OCI)		-	-	72.06	72.06
Dividend paid during the year		-	(1,540.00)	-	(1,540.00)
Tax on dividend		-	(313.51)	-	(313.51)
Balance as at 31 March, 2017	**13**	**77,000.00**	**8,194.50**	**(242.24)**	**84,952.26**
Profit for the year		-	14,087.95	-	14,087.95
Remeasurement gains / (losses) on defined benefit plans		-	-	170.13	170.13
Tax impact on other comprehensive income (OCI)		-	-	(58.88)	(58.88)
Dividend paid during the year		-	(1,694.00)	-	(1,694.00)
Tax on dividend		-	(344.86)	-	(344.86)
Balance as at 31 March, 2018	**13**	**77,000.00**	**20,243.59**	**(130.99)**	**97,112.60**

The accompanying notes form an integral part of the Consolidated Statement of Changes in Equity

This is the Consolidated Consolidated Statement of Changes in Equity referred to our report of even date

Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31 March, 2018

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**		
	Profit before tax	21,020.57	8,350.28
	Adjustments for:		
	Depreciation and amortisation expense	1,230.28	1,276.31
	Amortisation of lease hold land	0.47	0.47
	Dividend from current investments	(1,126.62)	(1,295.77)
	Changes in fair value of financial assets at fair value through profit & Loss	(4.48)	-
	Changes in fair value of non - current financial assets at fair value through profit & Loss	(91.68)	-
	Dividend received from equity investments	(74.48)	(70.00)
	Gain on sale of current investments	-	(3.81)
	Loss on disposal of property, plant and equipment	3.49	6.96
	Interest income	(2,762.55)	(2,168.16)
	Finance cost	324.67	244.40
	Liabilities no longer required written back	(0.29)	(27.39)
	Operating profit before working capital changes	**18,519.38**	**6,313.29**
	Changes in operating assets and liabilities:		
	(Increase) in Inventories	(3,501.21)	(1,671.44)
	(Increase) in Trade receivables	(2,303.83)	(633.62)
	(Increase) in Other current assets	(893.85)	(344.51)
	(Increase)/ Decrease in Loans	27.71	(279.91)
	Decrease in Other financial assets	155.90	250.50
	(Increase) in Other non-current assets	(5,395.94)	(927.32)
	Increase in Trade payables	1,438.42	1,183.44
	Increase / (Decrease) in Other financial liabilities	46.78	(464.59)
	Increase in Other-current liabilities	860.06	627.75
	Increase / (Decrease) in Provisions - current	210.77	(639.86)
	Increase / (Decrease) in Provisions - non current	(112.50)	594.80
	Cash generated from operations	**9,051.69**	**4,008.53**
	Income taxes paid	(4,943.53)	(1,843.42)
	Net cash generated from operating activities	**4,108.16**	**2,165.11**
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Payments for purchases of property, plant and equipment (including capital advances)	(680.98)	(388.07)
	Proceeds from disposal of property, plant and equipment	1.21	6.50
	Payments to acquire current investments	(42,761.62)	(65,867.80)
	Payments to acquire Non- current investments	(7,000.00)	-
	Proceeds from disposal of current investments	56,220.60	68,074.30
	Movement in fixed deposits	(30,684.00)	-
	Interest received	2,398.53	1,948.22
	Dividend received from equity investments	74.48	70.00
	Dividend received from current investments	1,126.62	1,295.77
	Net cash generated/(used) in investing activities	**(21,305.16)**	**5,138.92**
C.	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Dividend paid	(1,674.34)	(1,531.61)
	Tax on dividend paid	(344.86)	(313.51)
	Net cash used in financing activities	**(2,019.20)**	**(1,845.12)**
Net increase/(decrease) in cash or cash equivalents		(19,216.20)	5,458.91
Cash and cash equivalents at the beginning of the year (Refer note 11)		30,468.08	25,009.17
Cash and cash equivalents at the end of the year (Refer note 11)		**11,251.88**	**30,468.08**

The accompanying notes form an integral part of the Consolidated Cash Flow Statement

This is the Consolidated Cash Flow Statement referred to our report of even date

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Notes to the Consolidated Financial Statements

GROUP BACKGROUND

TATA SPONGE IRON LIMITED ('TSIL' or 'the Group) is a public limited Group incorporated in India with its registered office at Joda, Odisha, India.

The Group has a presence across the manufacture of sponge iron and generation of power from waste heat as detailed under segment information in Note 35 to the financial statements.

The Group is a subsidiary of Tata Steel Limited. The equity shares of the Group are listed on two of the stock exchanges in India i.e. NSE and BSE.

The consolidated financial statements were approved and authorized for issue with the resolution of the Group's Board of Directors on April 17, 2018.

SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

A. Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

B. Historical Cost Convention

The consolidated financial statements have been prepared on the historical cost basis except for the following:

i) certain financial assets and liabilities that is measured at fair value;

ii) defined benefit plans — plan assets measured at fair value.

C. Current versus Non-current Classification

The Group presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

i) expected to be realised or intended to be sold or consumed in the normal operating cycle,

ii) held primarily for the purpose of trading,

iii) expected to be realised within twelve months after the reporting period, or

iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

i) it is expected to be settled in the normal operating cycle,

ii) it is incurred primarily for the purpose of trading,

iii) it is due to be settled within twelve months after the reporting period, or

iv) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as noncurrent.

2. Basis of consolidation

The Consolidated Ind AS Financials Statements incorporate the financial statements of the Group and entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

Notes to the Consolidated Financial Statements

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group from other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit and Loss from the date of the group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control, over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in an associate or a joint venture.

3. Property,Plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives And Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act except in respect of the following categories of the 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

Each component of an item of property, plant and equipment with a cost that is significant in relation to the cost of that item is depreciated separately if its useful life differs from the other components of the item.

Notes to the Consolidated Financial Statements

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss within 'Other Income'/'Other Expenses'. Advances paid towards the acquistion of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other non-current assets and the cost of property, plant and equipment not ready to use are disclosed under 'Capital Work-in progress'.

4. Intangible assets

Railway Sidings Constructed

Railway sidings is included in the Balance Sheet as an intangible asset where it is clearly linked to long term economic benefits for the Group. In this case it is measured at cost of construction and then amortised on a straight-line basis over their estimated useful lives.

Amortisation Method and Period

Railway sidings amortised on a straight-line basis over their estimated useful lives i.e 5 years.

Software Cost Acquired

Software for internal use, which is primarily acquired from third-party vendors is capitalised. It has a finite useful life and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs associated with maintaining such software are recognised as expense as incurred. Cost of software includes license fees and cost of implementation/system integration services, where applicable.

Amortisation Method and Period

Intangible assets are amortised over a period of 5 years. Amortisation method and useful lives are reviewed periodically including at each financial year end.

5. Research and Development

Research costs are expensed as incurred. Expenditure on development that do not meet the specified criteria under Ind AS 38 on 'Intangible Assets' are recognised as an expense as incurred.

6. Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

7. Leases

As A Lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

8. Investment in subsidiaries

Investments in subsidiaries are stated at cost less provision for impairment loss, if any. Investments are tested for impairment wherever event or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount.

9. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

10. Investments (Other than Investments in Subsidiaries) and Other Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

Notes to the Consolidated Financial Statements

The classification depends on the Group's business model for managing the financial assets and the contractual terms of cash flows.

For assets measured at fair value, gains and losses is either recorded in the statement of profit and loss or other comprehensive income. For investments in debt instruments, this depends on the business model in which the investment is held. For investments in equity instruments, this depends on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies the debt investments when and only when the business model for managing those assets changes

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value through profit or loss, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instrument as amortised cost measurement categories. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other Income' in the Statement of Profit and Loss.

(iii) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets which are not fair valued through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 28 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109, 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) Derecognition of financial asset

A financial asset is derecognised only when the Group has transferred the rights to receive cash flows from the financial asset or retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Dividend Recognition

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks

Notes to the Consolidated Financial Statements

existing at each reporting date. The methods used to determine fair value is based on quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

(vii) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

11. Trade Receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

12. Employee Benefits

A. Short-term Employee Benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as ' Provision for Employee Benefits' within ' Current Provisions' in the Balance Sheet.

B. Post-employment Benefits

i) Defined Benefit Plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'Employee Benefits Expense' in the Statement of Profit and Loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. These are included in 'Retained Earnings' in the Statement of Changes in Equity.

ii) Defined Contribution Plans

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

C. Other Long –term Employee Benefits

The liabilities for leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future benefits in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under ' Provision for Employee Benefits' within ' Current Provisions' in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

13. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax credits and to unused tax losses.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated Financial Statements

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences, tax credits and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, if any. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

14. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories comprises cost of purchases and all other costs incurred in bringing the inventories to their present location and condition. Finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

15. Provisions and Contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

16. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, discounts, rebates, goods and service taxes and amounts collected on behalf of third parties, as applicable.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

A. Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer as per terms of the contract.

B. Sale of Power

Revenue from the sale of power is recognised based on the units as transmitted to buyer as per the terms of contract with the customer.

Notes to the Consolidated Financial Statements

C. Other Operating Revenue

Revenue from sale of coal fines, char, scrap and iron ore fines are recognized when the significant risks and rewards of ownership of the products have passed to the buyer as per terms of contract

D. Income from Investment

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

Dividend income from investments is recognized when the right to receive payment has been established.

17. Foreign currency transactions and translation

(i) Functional and Presentation Currency

Items included in the standalone financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (Rs.), which is the Group's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year - end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within 'Other Income'/'Other Expenses'. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

18. Borrowings costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for the intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

19. Earnings per Share

Basic Earnings per Share

Basic earnings per equity share is computed by dividing profit or loss attributable to owners of the Group by the weighted average number of equity shares outstanding during the financial year.

Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and • the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

20. Cash and cash equivalents

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

21. Trade Payables

Trade Payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

22. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group. Refer Note 35 for segment information presented.

23. Rounding of amounts

All amounts disclosed in the standalone financial statements and notes have been rounded off to the nearest Lacs (Rs. 00,000) as per the requirement of schedule III, unless otherwise stated.

Notes to the Consolidated Financial Statements

24. Use of estimates and critical accounting judgments

The preparation of standalone financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that impact the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods impacted.

This Note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each impacted line item in the consolidated financial statements.

The areas involving critical estimates or judgements are:

A. Employee Benefits (Estimation of Defined Benefit Obligation) : Refer Note 12 (B) (i) and (ii)

Post-employment benefits represents obligation that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the Group to make assumptions regarding variables such as discount rate, rate of compensation increase and future mortality rates. Changes in these key assumptions can have a significant impact on the defined benefit obligations .

B. Estimation of expected useful lives and residual values of property, plants and equipment: Refer Note 3

Management reviews its estimate of useful life of property , plant & equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolesation that may change the utility of property, plant & equipment.

C. Contingencies: Refer Note 15

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law, in the normal course of business, the Group consults with legal counsel and certain other experts on matters related to litigations. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

D. Valuation of Deferred Taxes : Refer Note 13

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

Notes to the Consolidated Financial Statements

03 PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

Rs. in lacs

Carrying amounts of:	As at 31 March, 2018	As at 31 March, 2017
Freehold land	564.08	229.42
Freehold buildings	2,510.14	2,523.48
Plant and equipment	11,343.05	12,131.58
Furniture and fixtures	12.85	11.49
Office equipment	142.63	111.49
Vehicles	93.75	72.26
Sub-total	**14,666.50**	**15,079.72**
Capital work-in-progress	582.19	563.48
Total	**582.19**	**563.48**

Rs. in lacs

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost / deemed cost							
Balance as at 1 April, 2016	229.42	2,766.13	12,940.98	18.36	87.37	90.20	16,132.46
Additions during the year	-	251.14	41.49	0.03	65.77	30.26	388.69
Assets disposed / written off during the year	-	-	2.49	0.07	0.18	20.15	22.89
Balance as at 31 March, 2017	**229.42**	**3,017.27**	**12,979.98**	**18.32**	**152.96**	**100.31**	**16,498.26**
Additions during the year	334.66	157.57	19.41	12.87	82.82	46.82	654.15
Assets disposed / written off during the year	-	-	51.18	0.38	10.54	9.99	72.09
Balance as at 31 March, 2018	**564.08**	**3,174.84**	**12,948.21**	**30.81**	**225.24**	**137.14**	**17,080.32**

Rs. in lacs

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Accumulated depreciation							
Accumulated depreciation as at 1 April, 2016	-	280.47	13.73	4.49	13.33	7.12	319.14
Charge for the year	-	213.32	835.90	2.34	28.23	29.04	1,108.83
Depreciation on assets disposed / written off during the year	-	-	1.23	-	0.09	8.11	9.43
Accumulated depreciation as at 31 March, 2017	**-**	**493.79**	**848.40**	**6.83**	**41.47**	**28.05**	**1,418.54**
Charge for the year	-	170.91	805.61	11.51	49.81	24.83	1,062.67
Depreciation on assets disposed / written off during the year	-	-	48.85	0.38	8.67	9.49	67.39
Accumulated depreciation as at 31 March, 2018	**-**	**664.70**	**1,605.16**	**17.96**	**82.61**	**43.39**	**2,413.82**

Rs. in lacs

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Carrying amount							
Balance as at 31 March, 2017	229.42	2,523.48	12,131.58	11.49	111.49	72.26	15,079.72
Balance as at 31 March, 2018	**564.08**	**2,510.14**	**11,343.05**	**12.85**	**142.63**	**93.75**	**14,666.50**

Note :

1 All the above property, plant and equipment are owned by the Company.

2 Refer Note 37 for information on property, plant and equipment hypothecated as collateral security by the Company.

Notes to the Consolidated Financial Statements

04 OTHER INTANGIBLE ASSETS

Rs. in lacs

Carrying amounts of:	As at 31 March, 2018	As at 31 March, 2017
Software costs acquired	9.56	-
Railway sidings constructed	223.47	390.95
Total intangible assets	**233.03**	**390.95**

Rs. in lacs

	Software costs acquired	Railway sidings constructed	Total intangible assets
Cost / deemed cost			
Balance as at 1 April, 2016	0.61	725.91	726.52
Additions during the year	-	-	-
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2017	**0.61**	**725.91**	**726.52**
Additions during the year	9.69	-	9.69
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2018	**10.30**	**725.91**	**736.21**

Rs. in lacs

	Software costs acquired	Railway sidings constructed	Total intangible assets
Accumulated amortisation			
Accumulated amortisation as at 1 April, 2016	0.61	167.48	168.09
Charge for the year	-	167.48	167.48
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2017	**0.61**	**334.96**	**335.57**
Charge for the year	0.13	167.48	167.61
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2018	**0.74**	**502.44**	**503.18**

Rs. in lacs

	Software costs acquired	Railway sidings constructed	Total intangible assets
Carrying amount			
Balance as at 31 March, 2017	-	390.95	390.95
Balance as at 31 March, 2018	**9.56**	**223.47**	**233.03**

04.1 The amortisation has been included under 'Depreciation and Amortisation Expenses' in the Statement of Profit and Loss (Refer Note 26)

Notes to the Consolidated Financial Statements

05 INVESTMENTS

	As at 31 March, 2018		As at 31 March, 2017	
	Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
Investment in Body Corporate @				
Jamipol Limited	8,00,000	80.00	8,00,000	80.00
Investments in Mutual fund #				
1 IDFC Corporate bond Direct plan -Growth	1,69,50,014	2,028.97	-	-
2 Reliance Floating Rate Fund -Short Term Plan (Direct Growth Plan)	72,20,347	2,029.42	-	-
3 Reliance Short Term Fund - (Direct Growth Plan)	90,04,856	3,033.29	-	-
		7,091.68		**-**
Total Non - current Investments		**7,171.68**		**80.00**
Current Investments				
Investment in liquid mutual funds #				
1 TATA Money Market Fund - Plan A - Daily Dividend Reinvestment	3,83,789.97	3,843.72	3,23,600.14	3,240.91
2 HDFC Liquid Fund- Regular Plan - Daily Dividend Reinvestment	652.29	6.65	2,97,600.51	3,034.99
3 IDFC Cash Fund - Regular Plan - Daily Dividend Reinvestment	57,463.19	575.58	3,63,308.59	3,637.02
4 Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment	2,79,353.04	4,272.99	3,05,472.98	4,669.88
5 SBI Premier Liquid Fund - Regular Plan -Daily Dividend Reinvestment	-	-	49,943.31	501.06
6 Axis Liquid - Regular plan - Daily Dividend Reinvestment	1,16,735.37	1,168.47	3,76,475.16	3,767.16
7 ICICI Prudential Liquid - Regular plan- Daily Dividend Reinvestment	7,68,035.04	769.17	24,82,909.11	2,485.37
8 BSL Cash Plus - Daily Dividend Reinvestment	12,22,204.88	1,225.54	31,89,383.37	3,195.61
9 Sundaram Money Fund Regular -Daily Dividend Reinvestment	56,96,836.56	575.11	-	-
10 DSP Blackrock Liquidity Fund-Inst-Daily Dividend Reinvestment	36,325.40	363.60	1,72,194.08	1,723.33
Total current investments		**12,800.83**		**26,255.33**
Aggregate amount of Unquoted Investments		19,972.51		26,335.33
# Investments carried at Fair value through Profit & Loss		19,892.51		26,255.33
@ Investments carried at Fair value through Other Comprehensive Income [Also Refer Note 28 (c)]		80.00		80.00

05.1 Refer Note 28 for information about fair value measuerment, credit risk and market risk on investments.

Notes to the Consolidated Financial Statements

06 LOANS

Rs. in lacs

	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	Current	Non-current	Current
Loan to Employees	10.83	8.22	15.25	8.85
Security Deposits				
Considered good	4.46	243.98	4.46	271.06
Considered doubtful	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
	15.29	**252.20**	**19.71**	**279.91**

07 OTHER FINANCIAL ASSETS

Rs. in lacs

		As at 31 March, 2018		As at 31 March, 2017	
		Non-current	Current	Non-current	Current
(a)	Interest accrued on deposits, loans and advances	157.10	929.29	1.20	721.17
(b)	Deposit with banks and others with maturity period more than 12 months	6,255.74	-	1,018.91	-
	[Above deposits includes Rs. 2.02 lacs as at 31 March, 2018 (Rs. 2.22 lacs as at 31 March, 2017) pledged with government authorities]				
		6,412.84	**929.29**	**1,020.11**	**721.17**

08 OTHER ASSETS

Rs. in lacs

		As at 31 March, 2018		As at 31 March, 2017	
		Non-current	Current	Non-current	Current
(a)	Capital advances	16,824.26	-	16,824.26	-
(b)	Advances to related parties [Refer note 33]	-	50.98	-	20.00
(c)	Other loans and advances				
	(i) Advances with public bodies	608.71	946.47	608.71	149.86
	(ii) Other advances and prepayments	19.29	630.42	11.66	564.16
	(iii) Prepaid lease payments				
	- Prepaid lease payments cost	42.42	0.47	42.42	0.47
	Less: Prepaid lease payments amortisation	(16.09)	-	(15.62)	-
		17,478.59	**1,628.34**	**17,471.43**	**734.49**

Notes to the Consolidated Financial Statements

09 INVENTORIES

(lower of cost and net realisable value)

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Raw materials	6,858.03	3,854.26
(b) Finished goods	691.58	218.11
(c) Stores and spares	859.26	835.29
Total inventories	**8,408.87**	**4,907.66**

Note:

a) Refer Note 37 for information on inventories hypothecated as security by the Company.

10 TRADE RECEIVABLES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Current		
a) Unsecured, considered good,	5,880.50	3,576.67
Total trade receivables	**5,880.50**	**3,576.67**
Trade receivables	5,251.50	3,089.90
Receivables from related parties (Refer Note 33)	629.00	486.77
	5,880.50	**3,576.67**

Note:

a) Refer Note 28 for information about credit risk and market risk on receivables.

b) Refer Note 37 for information on Trade Receivable hypothecated as security by the Company.

11 (i) CASH AND CASH EQUIVALENTS

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Balances with scheduled banks		
(1) In current accounts	3,539.91	231.38
(2) In demand deposit accounts	7,711.28	30,235.31
(b) Cash on hand	0.69	1.39
Total Cash and cash equivalents as per Statement of Cash Flows	**11,251.88**	**30,468.08**

(ii) OTHER BANK BALANCES

In Unclaimed Dividend Accounts @	227.33	207.57
Fixed Deposit Accounts (with maturity of more than three months but less than twelve months)	30,684.00	-
	30,911.33	**207.57**
@ Includes earmarked balances in unclaimed dividend accounts	227.33	207.57

Notes to the Consolidated Financial Statements

(iii) DISCLOSURE OF SPECIFIED BANK NOTES (SBNS)

The details of Specified Bank Notes (SBNs) or other denomination notes, as defined in the MCA notification G.S.R. 308(E) dated 30 March, 2017, held and transacted during the period from 8 November, 2016 to 30 December, 2016 is provided in the table below:

Particulars	SBNs* (Rs.)	Other denomination notes (Rs.)	Total (Rs.)
Closing cash in hand as on 8 November, 2016	1,22,500.00	37,607.50	1,60,107.50
Add: Permitted receipts	-	6,71,872.00	6,71,872.00
Less: Permitted payments	-	(5,27,434.50)	(5,27,434.50)
Less: Amount deposited in Banks	(1,22,500.00)	-	(1,22,500.00)
Closing cash in hand as on 30 December, 2016	**-**	**1,82,045.00**	**1,82,045.00**

* For the purposes of this note, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November, 2016.

(iv) There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the year end of the current reporting period and prior period.

12 EQUITY SHARE CAPITAL

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Authorised Share Capital:		
25,000,000 fully paid equity shares of Rs. 10 each	2,500.00	2,500.00
(As at 31 March, 2017: 25,000,000 fully paid equity shares of Rs. 10 each)		
	2,500.00	**2,500.00**
(b) Issued, subscribed and fully paid up :		
15,400,000 equity shares of Rs. 10 each	1,540.00	1,540.00
(As at 31 March, 2017: 15,400,000 fully paid equity shares of Rs. 10 each)		
	1,540.00	**1,540.00**

(c) Fully paid equity shares

	No. of equity shares	Amount Rs. in lacs
As at 1 April, 2016 (15,400,000 equity shares of Rs. 10 each)	1,54,00,000	1,540.00
Changes in equity share capital during the year	-	-
As at 31 March, 2017	1,54,00,000	1,540.00
Changes in equity share capital during the year	-	-
As at 31 March, 2018 (15,400,000 equity shares of Rs. 10 each)	**1,54,00,000**	**1,540 .00**

Notes to the Consolidated Financial Statements

(d) Shares held by holding Company

	As at 31 March, 2018		As at 31 March, 2017	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares		-		
Tata Steel Limited (Holding Company)	83,93,554	54.50%	83,93,554	54.50%
	83,93,554	**54.50%**	**83,93,554**	**54.50%**

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

	As at 31 March, 2018		As at 31 March, 2017	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares				
Tata Steel Limited (Holding Company)	83,93,554	54.50%	83,93,554	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.

13 OTHER EQUITY

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
General reserves	77,000.00	77,000.00
Retained earnings	20,243.59	8,194.50
Other items of other comprehensive income	(130.99)	(242.24)
Total	**97,112.60**	**84,952.26**

Rs. in lacs

Particulars	Reserves and surplus		Items of other comprehensive income	
	General reserves	Retained earnings	Other items of other comprehensive income	Total
Balance as at 1 April, 2016	77,000.00	4,170.97	(106.09)	81,064.88
Profit for the year	-	5,877.04	-	5,877.04
Remeasurement gains / (losses) on defined benefit plans	-	-	(208.21)	(208.21)
Tax impact on other comprehensive income (OCI)	-	-	72.06	72.06
Dividend paid during the year	-	(1,540.00)	-	(1,540.00)
Tax on dividend	-	(313.51)	-	(313.51)
Balance as at 31 March, 2017	**77,000.00**	**8,194.50**	**(242.24)**	**84,952.26**
Profit for the period	-	14,087.95	-	14,087.95
Remeasurement gains / (losses) on defined benefit plans	-	-	170.13	170.13
Tax impact on other comprehensive income (OCI)	-	-	(58.88)	(58.88)
Dividend paid during the year	-	(1,694.00)	-	(1,694.00)
Tax on dividend	-	(344.86)	-	(344.86)
Balance as at 31 March, 2018	**77,000.00**	**20,243.59**	**(130.99)**	**97,112.60**

Notes to the Consolidated Financial Statements

14 PROVISIONS

Rs. in lacs

	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	Current	Non-current	Current
(a) Provision for employee benefits				
Post-employment defined benefits	1,168.89	117.37	1,281.39	76.64
(b) Other provisions				
(i) Provision for VAT, entry tax and sales tax	-	2,538.75	-	2,512.78
(ii) Provision for cross subsidy surcharge payable	-	601.00	-	601.00
(iii) Provision for interest on income tax	-	1,887.91	-	1,589.30
Total provisions	**1,168.89**	**5,145.03**	**1,281.39**	**4,779.72**

15 DEFERRED TAX LIABILITIES (NET)

The following is the analysis presented in the consolidated balance sheet:

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Deferred tax liabilities	3,087.66	3,257.06
Deferred tax assets	(1,289.45)	(1,351.35)
Deferred tax liabilities (net)	**1,798.21**	1,905.71

Rs. in lacs

	Deferred tax liability/ (asset) as at 31 March, 2017	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax liability/ (asset) as at 31 March , 2018
Deferred tax liabilities				
(i) Property, plant and equipment	3,257.06	(169.40)	-	3,087.66
	3,257.06	**(169.40)**	**-**	**3,087.66**
Deferred tax assets				
(i) Provision for compensated absences	(153.20)	(0.02)	-	(153.22)
(ii) Remeasurement gain/(loss) arising from defined benefit plans	(72.06)	-	58.88	(13.18)
(iii) Disallowances on payment basis	(1,126.09)	3.04	-	(1,123.05)
	(1,351.35)	**3.02**	**58.88**	**(1,289.45)**
Deferred tax liabilities (net)	**1,905.71**	**(166.38)**	**58.88**	**1,798.21**

Note : Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

Notes to the Consolidated Financial Statements

16 TRADE PAYABLES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Current		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer note below)	176.10	16.35
(ii) Total outstanding dues of trade payables other than micro enterprises and small enterprises		
(a) Trade payables for supplies and services	5,323.32	4,271.74
(b) Others		
- Trade payables for accrued wages and salaries	1,192.61	965.52
Total Trade Payables	**6,692.03**	**5,253.61**
Trade payable	4,487.94	3,279.05
Trade payable to related parties	2,204.09	1,974.56
Total Trade Payables	**6,692.03**	**5,253.61**

Note:

Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The amount due to the Micro and Small Enterprise as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of the information available with the Company, which has been relied upon by the auditors.

Rs. in lacs

		As at 31 March, 2018	As at 31 March, 2017
(a)	(i) The principal amount remaining unpaid to supplier as at end of the period	176.10	16.35
	(ii) Interest due thereon	-	-
(b)	Interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 and the amount of payment made to the supplier beyond the appointed day	-	-
(c)	Interest due and payable for the period of delay in making payment other than the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
(d)	Interest accrued and remaining unpaid	-	-
(e)	Further interest remaining due and payable even in the succeeding years for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Refer Note 28 for information about credit risk and market risk on Trade paybles.

17 OTHER CURRENT LIABILITIES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Advances from customers	110.61	666.11
(b) Other payables		
(i) Employee recoveries and employer contributions	62.14	59.97
(ii) Statutory liabilities (GST, Excise duty, service tax, sales tax, TDS, etc.)	1,993.37	580.27
Total other current liabilities	**2,166.12**	**1,306.35**

Notes to the Consolidated Financial Statements

18 OTHER FINANCIAL LIABILITIES

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
(a) Creditors for capital supplies and services	72.62	71.05
(b) Other credit balances	122.83	56.34
(c) Unpaid dividends	227.33	207.62
Total other current liabilities	**422.78**	**335.01**

19 CURRENT TAX LIABILITIES (NET)

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Provision for tax (net of advance tax)	5,390.33	3,234.86
Total current tax liabilities	**5,390.33**	**3,234.86**

19 A NON CURRENT TAX ASSETS

Rs. in lacs

	As at 31 March, 2018	As at 31 March, 2017
Advance tax and tax deducted at sources (net of provision)	2,812.63	2,812.63
Total non current tax assets	**2,812.63**	**2,812.63**

20 REVENUE FROM OPERATIONS

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Sale of sponge iron (including excise duty Rs.1,647.81 lacs up to 30 June' 2017 Rs. 5,785.30 lacs for the year ended 31 March' 2017)	75,516.55	56,344.27
(b) Sale of power	5,541.36	5,003.08
(c) Other operating revenue		
- Sale of iron ore fines, coal fines, char and paving etc.	606.63	168.72
Gross revenue from operations	**81,664.54**	**61,516.07**

Notes to the Consolidated Financial Statements

21 OTHER INCOME

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Interest income earned on financial assets that are not designated at fair value through profit or loss		
	(i) Bank deposits (at amortised cost)	2,398.13	1,877.04
	(ii) Other financial assets carried at amortised cost	364.42	291.12
(b)	Dividend income		
	(i) From equity investments	74.48	70.00
	(ii) From investments in Mutual fund (current)	1,126.62	1,295.77
	(iii) Changes in fair value of financial assets at fair value through profit & Loss (current)	4.48	-
	(iv) Changes in fair value of financial assets at fair value through profit & Loss (Non - current)	91.68	-
(c)	Liabilities no longer required written back	0.29	27.39
(d)	Net gain on sale of current investments	-	3.81
(e)	Net gain on foreign currency transactions	32.11	9.34
(f)	Other non-operating income	214.15	132.82
Total other income		**4,306.36**	**3,707.29**

22 COST OF MATERIALS CONSUMED

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Opening stock	3,854.26	1,835.48
Add: Purchases of materials	53,062.08	38,987.04
	56,916.34	**40,822.52**
Less: Closing stock	6,858.03	3,854.26
Total cost of materials consumed	**50,058.31**	**36,968.26**
Cost of materials consumed comprises		
(a) Iron ore	17,724.81	14,492.13
(b) Coal	31,866.75	22,170.13
(c) Dolomite	466.75	306.00
Total cost of materials consumed	**50,058.31**	**36,968.26**

23 CHANGES IN INVENTORIES OF FINISHED GOODS

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Finished goods		
Opening stock	218.11	543.02
Less: Closing stock	691.58	218.11
Net (increase) / decrease in finished goods	**(473.47)**	**324.91**

Notes to the Consolidated Financial Statements

24 EMPLOYEE BENEFITS EXPENSE

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Salaries and wages	3,425.09	3,929.29
(b)	Contribution to provident and other funds (see Note 34)	398.52	386.07
(c)	Staff welfare expenses	356.83	315.61
Total employee benefits expense		**4,180.44**	**4,630.97**

25 FINANCE COSTS

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Interest expenses		
	Interest on statutory dues	324.67	244.40
Total finance costs		**324.67**	**244.40**

26 DEPRECIATION AND AMORTISATION EXPENSE

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Depreciation of property, plant and equipment (Refer Note 03)	1,062.67	1,108.83
(b)	Amortisation of intangible assets (Refer Note 04)	167.61	167.48
Total depreciation and amortisation expenses		**1,230.28**	**1,276.31**

27 OTHER EXPENSES

Rs. in lacs

		Year ended 31 March, 2018	Year ended 31 March, 2017
(a)	Consumption of stores and spare parts	1,032.29	990.45
(b)	Fuel oil consumed	111.78	88.42
(c)	Purchase of power	10.01	15.88
(d)	Rent	79.29	76.49
(e)	Repairs to buildings	378.67	400.78
(f)	Repairs to machinery	1,365.32	1,695.77
(g)	Insurance	70.09	29.36
(h)	Rates and taxes	996.79	526.54
(i)	Freight and handling charges	698.56	670.68
(j)	Commission, discounts and rebates	42.10	44.11
(k)	Packing and forwarding	488.09	467.28
(l)	Excise duty on change in finished goods	(35.55)	(29.49)

Notes to the Consolidated Financial Statements

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
(m) Other expenses		
(1) Legal and professional costs	660.66	660.01
(2) Advertisement, promotion and selling expenses	33.18	40.33
(3) Travelling expenses	136.93	123.80
(4) Loss on disposal of property plant and equipment	3.49	6.96
(5) Corporate social responsibility expenses	180.46	219.21
(6) Other general expenses (*)	1,730.13	1,616.35
Total other expenses	**7,982.29**	**7,642.93**

(*) Includes R & D expenses amounting to Rs. 11.40 lacs (31 March, 2017 Rs. 11.51 lacs) paid to Indian Institute of Technology , Bhubaneswar

27.1 Payments to auditors

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
(1) Auditors remuneration and out-of-pocket expenses		
(i) As auditors - statutory audit	11.04	12.30
(ii) As auditors - quarterly audits	7.60	11.61
(iii) As auditors - tax audit	2.02	2.02
(iv) For other services	-	5.09
(iv) Auditors out-of-pocket expenses	7.39	2.57
	28.05	**33.59**

27.1A Income tax recognised in Statement of Profit and Loss

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Current tax		
On profit for current year	7,099.00	2,669.00
	7,099.00	**2,669.00**
Deferred tax (Refer Note 15)		
In respect of the current year	(166.38)	(195.76)
	(166.38)	**(195.76)**
Total tax expense (Refer reconciliation below)	**6,932.62**	**2,473.24**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Profit before tax	21,020.57	8,350.28
Income tax expense calculated at enacted statutory Income tax rate of 34.608% (31 March, 2017 : 34.608%)	7,274.80	2,889.86
Effect of income that is exempt from taxation	(448.96)	(471.88)
Effect of expenses that are not deductible in determining taxable profit	106.67	54.83
Others	0.11	0.43
Income tax expense recognised in Statement of Profit and Loss	**6,932.62**	**2,473.24**

Notes to the Consolidated Financial Statements

28 (A) FINANCIAL RISK MANAGEMENT:

The Group's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Group, derivative financial instruments viz. foreign exchange forward contracts are entered where cosidered appropriate to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Group's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit committee and the Board of Directors. This process provides assurance that the Group's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and the Group's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(i) Credit risk management:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk primarily arises from trade receivables, investments in mutual funds and balances with banks.

Trade Receivables

Trade receivables are typically unsecured, considered good and are derived from revenue earned from customers. Customer credit risk is managed as per Group's policy and procedures which involve credit approvals,establishing credit limits and continually monitoring the credit worthiness of customers to which the Group grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and the shipments to major customers are generally covered by letters of credit or other forms of credit assurance.

Other Financial Assets

Credit risk from balances with banks, term deposits, loans and investments is managed by Group's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Group monitors ratings, credit spreads and financial strength of its counterparties.

Financial Assets that are Neither Past Due Nor Impaired

None of the Group's cash equivalents with banks, loans and investments as at 31 March, 2018 and 31 March, 2017 were past due or impaired. Total trade receivables, of Rs.5,880.50 lacs as at 31 March, 2018 and Rs. 3,576.67 lacs as at 31 March, 2017 consisted of customer balances that were neither past due nor impaired.

(ii) Liquidity risk management:

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and maintain adequate source of financing. The Group generates sufficient cash flows from current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as long-term.

(a) Financing Arrangements

The Group has unutilised fund based arrangement with banks for Rs. 11,000.00 lacs (31 March, 2017: Rs. 11,000.00 lacs) . The Group has also Non-Fund based facilities with banks for Rs.21,315.00 lacs (31 March ,2017: Rs. 31,315.00 lacs) which may be utilised at any time and the banks have a right to terminate the same without notice.

Notes to the Consolidated Financial Statements

(b) Maturities of Financial Liabilities

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Within 1 year Rs. in lacs	More than 1 year Rs. in lacs
As at 31 March, 2018		
Trade payables	6,692.03	-
Other financial liabilities - current	422.78	-
As at 31 March, 2017		
Trade payables	5,253.61	-
Other financial liabilities - current	335.01	-

(iii) Market risk:

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group transacts business in local currency and in foreign currencies (primarily US Dollars). The Group has foreign currency trade payables and and is therefore exposed to foreign currency risk. Foreign currency risk exposure is evaluated and managed through operating procedures and sourcing policies. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

(a) Foreign Currency Risk Exposure

The Group does not have any exposure to foreign currency risk at the end of the reporting period.

(b) Sensitivity

The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

(iv) Securities Price risk:

The Group is exposed to price risks arising from fair valuation of Group's investment in mutual funds. The carrying amount of the Group's investments designated as at fair value through profit or loss at the end of the reporting period (Refer Note no 5)

Rs. in lacs

	Impact on Profit Before Tax	
	Year ended 31 March, 2018	Year ended 31 March, 2017
NAV -Increase by 1%*	198.93	262.55
NAV -Decrease by 1%*	(198.93)	(262.55)

* Holding all other variables constant

(v) Commodity Price Risk:

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchase of imported coal for production of finished goods. Cost of raw materials forms the largest portion of the Group's cost of sales. Market forces generally determine prices for the coal purchased by the Group. These prices may be influenced by factors such as supply and demand, production costs and global and regional economic conditions and growth. Adverse changes in any of these factors may impact the results of the Group.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

Notes to the Consolidated Financial Statements

(B) CAPITAL MANAGEMENT:

(i) Risk Management

The objective of the Group's capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through operating cash flows generated and the Group does not have any borrowings. The Group is not subject to any externally imposed capital requirements.

(ii) Dividends on Equity Shares

	Year ended 31 March, 2018	Year ended 31 March, 2017
Dividend Declared and Paid during the year		
Final dividend for the year ended 31 March, 2017 of Rs. 11.00 (31 March, 2016 – Rs.10.00) per fully paid share (Rs. Per Share)	11.00	10.00
Dividend Distribution Tax on above 31 March, 2017 of Rs. 2.24 (31 March, 2016 – Rs.2.04) per fully paid share (Rs. Per Share)	2.24	2.04
Proposed Dividend Not Recognised at the end of the Reporting Period		
In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Rs. 20 per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	20.00	
Dividend Distribution Tax on above (Rs. Per Share)	4.11	

(C) FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2018 is as follows:

Rs. in lacs

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investments in Mutual fund	19,892.50	-	-	19,892.50
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	5,880.50	5,880.50
Cash and cash equivalents	-	-	11,251.88	11,251.88
Other Bank balances	-	-	30,911.33	30,911.33
Other financial assets - non-current	-	-	6,412.84	6,412.84
Other financial assets - current	-	-	929.29	929.29
Total	**19,892.50**	**80.00**	**55,385.84**	**75,358.34**
Liabilities:				
Trade payables	-	-	6,692.03	6,692.03
Other financial liabilities - current	-	-	422.78	422.78
Total	**-**	**-**	**7,114.81**	**7,114.81**

Notes to the Consolidated Financial Statements

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2017 is as follows:

Rs. in lacs

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investments in Mutual fund	26,255.33	-	-	26,255.33
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	3,576.67	3,576.67
Cash and cash equivalents	-	-	30,468.08	30,468.08
Other Bank balances	-	-	207.57	207.57
Other financial assets - non-current	-	-	1,020.11	1,020.11
Other financial assets - current	-	-	721.17	721.17
Total	**26,255.33**	**80.00**	**35,993.60**	**62,328.93**
Liabilities:				
Trade payables	-	-	5,253.61	5,253.61
Other financial liabilities - current	-	-	335.01	335.01
Total	**-**	**-**	**5,588.62**	**5,588.62**

Fair value measurement:

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March, 2017.

The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(b) The management assessed that fair values of, Current Investments, trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), trade payables, and other financial liabilities (current), approximate to their carrying amounts due to the short-term maturities of these instruments.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classifed its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Notes to the Consolidated Financial Statements

Level 2: The fair value of Financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Rs. in lacs

Particulars	As at 31 March, 2018	Fair value measurement at end of the reporting year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	19,892.50	19,892.50	-	-	Based on the declared NAV.
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	Share in the investee Company is unlisted and there are certain restrictions on disinvestments of such shares by the Group as this is a strategic investment. Further, there is a wide range of possible fair value measurements and the management in a prudent basis has considered to keep the investment at cost as the best representation of fair value.
Total financial assets	**19,972.50**	**19,892.50**	**-**	**80.00**	

Rs. in lacs

Particulars	As at 31 March, 2017	Fair value measurement at end of the reporting year using			Valuation techniques
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	26,255.33	26,255.33	-	-	Same as above.
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	Same as above.
Total financial assets	**26,335.33**	**26,255.33**	**-**	**80.00**	

Notes to the Consolidated Financial Statements

29 EARNINGS PER SHARE

	Year ended 31 March, 2018	Year ended 31 March, 2017
Net profit for the year (Rs. In lacs)	14,087.95	5,877.04
Weighted average number of equity shares outstanding during the year (Nos.)	1,54,00,000	1,54,00,000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	91.48	38.16

Note: The Group did not have any potentially dilutive securities in any of the period presented.

30 CONTINGENT LIABILITIES

Rs. in lacs

		As at 31 March, 2018	As at 31 March, 2017
(a)	**Claims against the Group not acknowledged as debts**		
(i)	Income tax	159.28	154.04
(ii)	Odisha entry tax	2,579.93	2,579.93
(iii)	Customs duty (Refer note below)	3,818.44	3,818.44
(iv)	Demand from Ministry of Coal against Radhikapur coal block [Refer note 31]	3,250.00	3,250.00
(v)	Demand from suppliers	152.13	152.13
		9,959.78	**9,954.54**

Note:

The above includes demand received from Commissioner of Customs (Preventive) aggregating to Rs. 4,398.99 lacs pertaining to the financial year 2012-13 on account of levy of additional customs duty on classification of the imported coal as bituminous coal as against Group's classification as steam coal. During the year, the Group has filed an appeal against the aforesaid order in the Customs, Excise and Service Tax Appellate Tribunal, Kolkata. The Group had paid an amount of Rs. 1,087.94 lacs and recognised the non-cenvatable portion of the 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 Group is contingently liable

Rs. in lacs

		As at 31 March, 2018	As at 31 March, 2017
(i)	Renewable energy purchase obligation	632.89	632.89
(ii)	Excise Duty	2,472.85	2,349.66
		3,105.74	**2,982.55**

In respect of above, it is not practicable for the Group to estimate the timings of cash outflows, if any, pending resolution of the respective procedings. The Group does not expect any reimbursements in respect of the above

(c) Cross subsidy surcharge payable to power distribution companies

In 2012-13, the Group injected power to State Grid due to denial of permission for open access by Orissa Power Transmission Corporation Limited ("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 Group 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 Group filed a case before the Odisha Electricity Regulatory Commission ("OERC") for relief which was granted and consequently the Group has filed a case before Appellate Tribunal of Electricity ("ATE"), which is pending for adjudication. As a matter of prudence, an amount of Rs. 601.00 lacs had been provided in the year ended 31 March, 2015.

Notes to the Consolidated Financial Statements

(d) The Group 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 Group should pay the sales tax under dispute pending disposal of the writ petition. Accordingly, the Group paid sales tax, which had not been collected from customers, and amounts aggregating to Rs. 573.73 lacs had been charged to the Statement of Profit and Loss during the years 1997-98 to 1999-2000.

The High Court directed the Sales Tax Authorities to refund the amount after ascertaining that the said refund shall not unjustly enrich the Group. The Sales Tax Officer passed the order stating that the refund shall unjustly enrich the Group against which the Group 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.

As per Industrial Policy Resolution 1992 of Government of Odisha, the Group has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Group had paid the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Group considered that the above limit of Rs. 252.56 lacs had to correspondingly reduce and accordingly made reduced payment. The Group however had provided the differential amount of Rs. 513.83 lacs upto the date of availing the benefit i.e., upto 31 March, 2012. The Group had started collecting sales tax on sale of sponge iron produced in those kilns w.e.f. 1 April, 2012 and depositing the same with Sales Tax Authorities after availing set off of applicable input tax credit.

31 (a) In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Group for invocation of bank guarantee of Rs. 3,250 lacs submitted towards performance of conditions for allocation of coal block against which the Group had filed a writ petition in the Hon'ble High Court of Delhi, which directed the Group 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 Group has moved to the Hon'ble High Court of Delhi, where the matter is pending adjudication. The Group 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 Group on 7 February, 2006. The amount incurred on the Radhikapur (East) Coal Block upto 31 March, 2018 aggregates to Rs. 18,040.96 lacs (31 March, 2017: Rs. 18,040.96 lacs).

(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 allocattee the expenses incurred by the prior allocattee towards land and mine infrastructure. Pursuant to the judgement dated 9 March,2017 of the Hon'ble High Court of Delhi in W.P (c) 973/2015, the nominated Authority MoC vide its letter dated 1 February, 2018, the Group has furnished the required statement of expenses and other details in the prescribed format on 22 February, 2018. Relying on the legal position and legal opinion obtained by the Group in respect of the recoverability of the amount, no provision is considered necessary.

32 Estimated amounts of contracts remaining to be executed on capital account and not provided for :Rs.156.95 lacs (As at 31 March, 2017: Rs.152.49 lacs) Net of advances Rs. 0.31 lacs (As at 31 March, 2017 Rs. 19.06 lacs.)

Notes to the Consolidated Financial Statements

33. RELATED PARTY TRANSACTION

(A) Related Parties

Name of Related Party	Relationship
Where Control exists:	
Tata Sons Limited	Company having significant Influence - Ultimate Controlling Party (UCP)
Tata Steel Limited	Holding Company
Others with whom transactions have taken place during the year	
The Tinplate Company of India Limited	Fellow Subsidiary
Tata Pigments Limited.	
The Indian Steel and Wire Products Limited	
Tata Metaliks Limited	
TM International Logistics Limited	Joint venture with TATA Steel Limited
Mjunction Services Limited	
Jamipol Limited	
Tata Bluescope Steel Limited	
Tata International Limited	Subsidiary of TATA Sons Limited
Tata International Singapore PTE Limited	
TC Travel & Services Limited	
TRL Krosaki Refractories Limited	Associate of TATA Steel Limited
Mr. Sanjay Kumar Pattnaik (Executive director upto 31 October, 2016 Managing Director w.e.f. 1 November, 2016)	Key Manangement personnel - Executive Director (MD)
Mr. D P Deshpande (Managing Director upto 31 October, 2016)	Key Manangement personnel - Executive Director (MD)
Mr. A M Misra, Mr. D K Banerjee, Mr. P. C. Parakh, Mr. Manoj T. Thomas, Mr. Krishnava S. Dutt, Mr. R. Ranganath, Mrs. Meena Lall, Dr. Omkar N Mohanty	Key Manangement personnel - Non- Executive Director (NED)
Tata Sponge Iron Limited Employee Provident Fund Trust	Post Employment Benefit Plans (PEBP) as Per Ind AS 24
Tata Sponge Iron Limited Superannuation Fund	
Tata Sponge Iron Limited Gratuity Fund	

(B) Particulars of transactions during the year

Rs. in lacs

A	Particulars	Sale of goods		Purchase of goods		Dividend income		Dividend paid	
		Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
	Holding Company								
	Tata Steel Limited	311.77	35.84	18,006.49	14,252.45	-	-	923.29	839.36
	Total	**311.77**	**35.84**	**18,006.49**	**14,252.45**	**-**	**-**	**923.29**	**839.36**
	Fellow subsidiary								
	The Indian Steel and Wire Products Limited	-	-	3.13	5.49	-	-	-	-
	Tata Metaliks Limited	198.37	19.12	-	-	-	-	-	-
	Tata Pigments Limited	-	-	-	1.13	-	-	-	-
	Total	**198.37**	**19.12**	**3.13**	**6.62**	**-**	**-**	**-**	**-**
	Associate of Tata Steel								
	TRL Krosaki Refractories Limited	-	-	57.68	-	-	-	-	-
	Total	**-**	**-**	**57.68**	**-**	**-**	**-**	**-**	**-**
	Joint venture of Tata Steel								

Notes to the Consolidated Financial Statements

Rs. in lacs

A Particulars	Sale of goods		Purchase of goods		Dividend income		Dividend paid	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Jamipol Limited	-	-	-	-	74.48	70.00	-	-
Tata Bluescope Steel Limited	-	-	56.67	-	-	-	-	-
Total	**-**	**-**	**56.67**	**-**	**74.48**	**70.00**	**-**	**-**
Subsidiary of Tata Sons Limited								
Tata International Limited	8,605.84	4,234.12	2,227.43	2,148.44	-	-	-	-
Tata International Singapore PTE Limited	-	-	20,239.97	12,788.41	-	-	-	-
Total	**8,605.84**	**4,234.12**	**22,467.40**	**14,936.85**	**-**	**-**	**-**	**-**

Rs. in lacs

B Particulars	Sale of power		Services received		Reimbursement of expenses	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Company having significant influence						
Tata Sons Limited	-	-	214.55	159.15	-	-
Total	**-**	**-**	**214.55**	**159.15**	**-**	**-**
Holding Company						
Tata Steel Limited	5,512.26	4,988.45	40.29	30.69	-	-
Total	**5,512.26**	**4,988.45**	**40.29**	**30.69**	**-**	**-**
Fellow subsidiary						
The Tinplate Company of India Limited	-	-	0.03	0.03	-	-
Jamshedpur Utilities & Services Company Limited	-	-	-	0.04	-	-
Total	**-**	**-**	**0.03**	**0.07**	**-**	**-**
Joint Venture of Tata Steel						
TM International Logistics Limited			713.22	689.64	619.90	605.46
Mjunction Services Limited	-	-	2.36		-	-
Total	**-**	**-**	**715.58**	**689.64**	**619.90**	**605.46**
Subsidiary of Tata Sons Limited						
Tata International Limited	-	-	-	-	666.75	600.48
Tata International Singapore PTE Limited	-	-	-	-	208.90	6.94
TC Travel & Services Limited	-	-	33.68	25.10	34.77	28.99
Tata Consultancy Services Limited	-	-	-	35.69	-	-
Total	**-**	**-**	**33.68**	**60.79**	**910.42**	**636.41**

Notes to the Consolidated Financial Statements

(C) Compensation of key management personnel

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
MD		
Remuneration		
-Short term Employee Benefits	176.12	279.04
-Post Employment Benefits	25.65	149.12
Total	**201.77**	**428.16**
NED		
Sitting Fees		
Mr. A M Misra	2.30	2.50
Mr. D K Banerjee	2.85	3.20
Mr. Manoj T Thomas	2.70	2.90
Mr. P C Parakh	3.10	2.90
Dr. Omkar N Mohanty	3.30	3.10
Mr. Krishnava S Dutt	1.15	1.85
Commission		
Mr. A M Misra	7.83	7.71
Mr. DK Banerjee	5.65	5.82
Mr. P C Parakh	8.70	6.95
Mr. Manoj T Thomas	6.09	6.13
Dr. Omkar N Mohanty	6.52	5.11
Mr. Krishnava S Dutt	2.61	3.11
Total	**52.80**	**51.28**

(D) Contribution to PEBP

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Tata Sponge Iron Limited Employee Provident Fund Trust	193.68	194.83
Tata Sponge Iron Limited Superannuation Fund	107.69	108.17
Tata Sponge Iron Limited Gratuity Fund	97.14	83.06
Total	**398.51**	**386.06**

(E) Balances Outstanding

Rs. in lacs

Particulars	Trade receivables		Trade payables		Advances		Investments	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Company having significant influence								
Tata Sons Limited	-	-	189.21	135.77	-	-	-	-
Holding Company								
Tata Steel Limited	585.57	486.77	1,989.19	1,391.15	-	-	-	-
Fellow subsidiary								
Tata Metaliks Limited	43.43	-	-	-	-	-	-	-
The Tinplate Company of India Limited	-	-	0.01	-	-	-	-	-
The Indian Steel and Wire Products Limited	-	-	0.83	1.06	-	-	-	-

Notes to the Consolidated Financial Statements

Rs. in lacs

Particulars	Trade receivables		Trade payables		Advances		Investments	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Joint venture of Tata Steel								
TM International Logistics Limited	-	-			50.98	20.00	-	-
Tata Bluescope Steel Limited	-	-	23.16	-	-	-	-	-
Jamipol Limited	-	-	-	-	-	-	80.00	80.00
Subsidiary of Tata Sons Limited								
Tata International Limited	-		-	411.37	-	-	-	-
TC Travel & Services Limited	-	-	1.69	2.64	-	-	-	-
Tata Consultancy Services Limited				32.57				
Total	**629.00**	**486.77**	**2,204.09**	**1,974.56**	**50.98**	**20.00**	**80.00**	**80.00**

Rs. in lacs

Particulars	As at 31 March, 2018	As at 31 March, 2017
MD		
Other Current Liabilities	6.23	5.14
NED		
Other Current Liabilities		
Mr. A M Misra	7.83	7.71
Mr. D K Banerjee	5.65	5.82
Mr. Manoj T Thomas	6.09	6.95
Mr. P C Parakh	8.70	6.13
Dr. Omkar N Mohanty	6.52	5.11
Krishnava S Dutt	2.61	3.11

34 EMPLOYEE BENEFITS

(a) Superannuation

Rs. in lacs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Contribution to superannuation fund	107.69	108.17
	107.69	108.17

(b) Post Retirement Gratuity and Ex-MD Pension

Description of plan characteristics and associated risks

Gratuity liability arises on retirement, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) upto 30 years of service and beyond 30 years of service, the liability is calculated on the basis of one month salary for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

Notes to the Consolidated Financial Statements

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

The Scheme is funded by way of a separate irrevocable Trust and the Group is expected to make regular contributions to the Trust. The fund is managed by an insurance company and the assets are invested in their conventional group gratuity product.The fund provides a capital guarantee of the balance accumulated and declares interest periodically that is credited to the fund account. The Trust assets managed by the fund manager are highly liquid in nature and we do not expect any significant liquidity risks. The Trust is responsible for investment of assets of the Trust as well as day to day administration of the scheme.

The gratuity plan typically exposes the Group to actuarial risks such as: interest rate risk, longevity risk and salary risk.

1 **Interest risk :** A decrease in the Indian government bond yield rate (discount rate) will increase the plan liability.

2 **Salary risk :** The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

In respect of the plans in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March, 2018 by Mr. Ritobrata Sarkar, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Board of Directors of the Group grants approval for provisions of special retirement benefits to Managing Directors. The retirement benefit incudes indexed monthly pension which is reviewed in every three years and medical benefits. The benefits in short are called as Ex-MD pension and Post Retirement Medical Benefit(PRMB).Both the benefit schemes are available to the spouses of concern MDs.

The said benefits are not contractual obligation of the Group. The provisions of the above benefits can only be given after signing the agreement containing the no-compete clause. The liability are not funded by the Group and disclosed as defined benefit plan.

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

	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
1 Reconciliation of opening and closing balances of obligation				
a. Opening defined benefit obligation	1,783.95	1,277.01	1,533.44	687.98
b. Current service cost	97.14	-	86.52	-
c. Interest cost	119.78	86.79	111.51	50.96
d. Remeasurement (gains)/losses				
(i) Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
(ii) Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
(iii) Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
e. Benefits paid	(145.58)	(74.42)	(189.34)	(60.74)
f. Past service costs	-	-	-	575.98
g. Acquisition cost	3.18	-	48.33	-
Closing defined benefit obligation	**1,778.80**	**1,169.93**	**1,783.94**	**1,277.01**

Notes to the Consolidated Financial Statements

	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)
2 Movements in the fair value of the plan assets are as follows:				
a. Opening fair value of plan assets	1,783.94	-	1,578.17	-
b. Interest income	119.78	-	114.97	-
c. Remeasurement gains/(losses)				
(i) Return on plan assets (excluding amounts included in net interest expense)	(33.40)	-	9.38	-
d. Contributions from the employer	25.19	-	222.43	-
e. Benefits paid	(145.58)	-	(189.34)	-
f. Acquisition cost	3.18	-	48.33	-
Fair value of plan assets as at end of the year	**1,753.11**	**-**	**1,783.94**	**-**

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)
3 Reconciliation of fair value of assets and obligations				
a. Fair value of plan assets as at end of the year	1,753.11	-	1,783.94	-
b. Present value of funded/unfunded defined benefit obligation as at the end of the year	1,778.80	1,169.93	1,783.94	1,277.01
c. Amount recognised in the balance sheet				
(i) Retirement benefit asset - Current	-	-	-	-
(ii) Retirement benefit asset - Non current	-	-	-	-
(iii) Retirement benefit liability - Current	25.69	70.23	-	68.94
(iv) Retirement benefit liability - Non current	-	1,099.70	-	1,208.07

4 Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)
a. Service cost				
(i) Current service cost	97.14	-	86.52	-
(ii) Past service cost	-	-	-	575.98
b. Net interest expense	-	86.79	(3.46)	50.96
Components of defined benefit costs recognised in profit or loss	**97.14**	**86.79**	**83.06**	**626.94**
Remeasurement on the net defined benefit liability:				
c. The return on plan assets (excluding amounts included in net interest expense)	33.40	-	(9.38)	-
d. Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
e. Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
f. Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
Defined benefit costs recorded in Other comprehensive income	**(46.27)**	**(119.45)**	**184.10**	**22.83**
Total of defined costs	**50.87**	**(32.66)**	**267.16**	**649.77**

Notes to the Consolidated Financial Statements

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

5 The plan assets of the Group relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC). The details of investments relating to these assets are not shown by LIC. Hence, the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

	As at 31 March, 2018	As at 31 March, 2017
Category of Plan Assets:	In %	In %
Funded with LIC	100%	100%

6 The principal assumptions used for the purposes of the actuarial valuations were as follows:

		As at 31 March, 2018		As at 31 March, 2017	
		Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
a.	Discount rate (per annum)	7.50%	7.50%	7.00%	7.00%
b.	Expected rate of salary increase (per annum)	8.00%	6.00%	8.00%	6.00%
c.	Estimated rate of return on plan asset (per annum)	7.50%	NA	9.10%	NA
d.	Mortality rate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate
e.	Withdrawal rate				
	- Ages from 20-25	1.00%	Refer note below	5%	Refer note below
	- Ages from 25-30			3%	
	- Ages from 30-35			2%	
	- Ages from 35-50			1%	
	- Ages from 50-55			2%	
	- Ages from 55-58			3%	

Note :

In respect of Ex - MD Pension, the effects of mortality and withdrawal have been factored by constructing a Multiple Decrement Table taking into account the above mortality table.

Notes to the Consolidated Financial Statements

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
7 Duration				
Weighted average duration of the defined benefit obligation (Active members)				
Number of years	7	11	6	6
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
Maturity Profile of Defined Benefit Obligation				
Within 1 year	145.39	72.81	163.55	71.31
1-2 year	412.69	148.15	369.08	146.91
2-5 years	1163.23	378.64	1,202.11	402.01
Over 5 years	2383.62	1096.87	2,397.95	939.99
8 The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:				
Present value of defined benefit obligation	1,778.80	1,169.93	1,783.94	1,277.01
Fair value of plan assets	1,753.11	-	1,783.94	-
Funded status	(25.69)	(1,169.93)	-	(1,277.01)
Expected contribution (best estimate) to funded plans in subsequent financial year	25.69	NA	163.55	NA

9 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

a) On post retirement gratuity plan

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs.104.19 lacs (increase by Rs. 92.58 lacs) [as at 31 March, 2017: decrease by Rs. 96.08 lacs (increase by Rs. 108.21lacs)].

ii) If the expected salary growth increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 102.96 lacs (decrease by Rs. 93.23 lacs) [as at 31 March, 2017: increase by Rs. 106.16 lacs (decrease by Rs. 96.13 lacs)].

b) On post retirement pension plan

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 135.73 lacs (increase by Rs. 113.35 lacs) [as at 31 March, 2017: decrease by Rs. 69.98 lacs (increase by Rs. 77.01 lacs)] .

ii) If the expected salary growth increases / (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 136.78 lacs (decrease by Rs. 116.07 lacs) [as at 31 March, 2017: increase by Rs. 77.39 lacs (decrease by Rs. 70.92 lacs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Notes to the Consolidated Financial Statements

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

c) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Amount Rs. in lacs)

Particulars	Gratuity				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	1,778.80	1,783.94	1,533.44	1,356.52	1,053.91
Fair value of plan assets	1,753.11	1,783.94	1,578.17	1,356.52	1,093.98
Funded status [Surplus / (Deficit)]	(25.69)	-	44.73	-	40.07
Experience gain / (loss) adjustments on plan liabilities	(79.67)	193.48	7.30	(62.91)	(29.12)
Experience gain / (loss) adjustments on plan assets	(33.40)	9.38	11.38	2.11	2.57

d) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Amount Rs. in lacs)

Particulars	Ex-MD Pension				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	1,169.93	1,277.01	687.98	519.93	462.80
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(1,169.93)	(1,277.01)	(687.98)	(519.93)	(462.80)
Experience gain / (loss) adjustments on plan liabilities	(119.44)	22.83	170.21	(6.67)	(8.16)
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

The Group ensures that the investment positions are managed within an asset liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the gratuity obligations by investing with LIC.

Notes to the Consolidated Financial Statements

c) Details of the unfunded PRMB are as follows:

		Year ended 31 March, 2018	Year ended 31 March, 2017
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
1	**Reconciliation of opening and closing balances of obligation**		
a.	Opening defined benefit obligation	81.02	53.59
b.	Interest cost	5.48	4.02
c.	Remeasurement (gains)/losses		
	(i) Actuarial gains and losses arising from changes in financial assumption	(3.01)	3.57
	(ii) Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(2.29)
d.	Benefits paid	(5.51)	(3.42)
e.	Past service costs	-	25.55
	Closing defined benefit obligation	**76.56**	**81.02**

		As at 31 March, 2018	As at 31 March, 2017
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
2	**Reconciliation of fair value of assets and obligations**		
a.	Fair value of plan assets as at end of the year	-	-
b.	Present value of obligation as at the end of the year	76.56	81.02
c.	Amount recognised in the balance sheet		
	(i) Retirement benefit asset - current	-	-
	(ii) Retirement benefit asset - non current	-	-
	(iii) Retirement benefit liability - current	7.37	7.70
	(iv) Retirement benefit liability - non current	69.19	73.32

3 Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

		As at 31 March, 2018	As at 31 March, 2017
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
a.	Service cost		
	(i) Current service cost	-	-
	(ii) Past service cost	-	-
b.	Net interest expense	5.48	4.18
Components of defined benefit costs recognised in profit or loss		**5.48**	**4.18**
Remeasurement on the net defined benefit liability:			
c.	Actuarial gains and losses arising from changes in financial assumption	(3.01)	-
d.	Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(3.89)
Components of defined benefit costs recorded in other comprehensive income		(4.43)	(3.89)
Total		**1.05**	**0.29**

Notes to the Consolidated Financial Statements

4 The principal assumptions used for the purposes of the actuarial valuations were as follows:

		As at 31 March, 2018	As at 31 March, 2017
a.	Discount rate (per annum)	7.50%	7.00%
b.	Medical cost - % of annual entitlement utilised (per annum)	20.00%	20.00%
c.	Mortality rate	LIC Annuitants (1996-98) Ultimate	LIC Annuitants (1996-98) Ultimate

5 Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Amount Rs. in lacs)

Particulars	PRMB				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	76.56	81.02	53.59	54.64	50.86
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(76.56)	(81.02)	(53.59)	(54.64)	(50.86)
Experience gain / (loss) adjustments on plan liabilities	4.43	(1.28)	3.89	3.87	4.25
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

6 The average duration of the defined benefit plan obligation representing average duration for active members is 8 years (As at 31 March, 2017: 6 years).

7 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

On PRMB

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 6.32 lacs (increase by Rs. 5.47 lacs) [as at 31 March, 2017: decrease by Rs. 3.21 lacs (increase by Rs. 3.46 lacs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Additional information relating to employee benefits obligation:

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

2. Discount rate is based on the prevailing market yields of Government securities as at the Balance Sheet date for the estimated term of the obligations.

3. 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.

Notes to the Consolidated Financial Statements

4. Net liabilities for pension, gratuities and post retirement medical benefits is disclosed in Note 14 under the heading "Post-employment defined benefits".

5. 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 24 whereas expenses for retiring gratuities are included under the Contribution to Provident and Other Funds in Note 24.

(d) Actuarial assumptions for compensated absences

Particulars	Refer note below	As at 31 March, 2018	As at 31 March, 2017
(i) Discount rate (per annum)	1	7.50%	7.00%
(ii) Salary escalation rate (per annum)	3	8.00%	8.00%

Notes :

1. The discount rate is based on the prevailing market yields of India Government securities as at the balance sheet date for the estimated term of obligations.
2. The compensated absences plan is funded.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

(e) Provident Fund - All employees in the rolls of the Group receive provident fund benefits, which are administered by the Provident Fund Trust exempted under section 17(1)(a) of Employees Provident Fund and Misc. Provisions Act 1952 set up by the Group. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Group make monthly contributions at specified percentage of the employees' salary to Provident Fund Trust. If the Board of Trusties is unable to pay interest at the rate declared for Employees Provident Fund by the Govt. of India under Para 60 of the Employees Provident Fund Scheme, 1952 for the reason that the return on Investment is less or for any other reason then the deficiency shall be made good by the Group.

The Actuary has carried out year-end actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Group as at the Balance Sheet date. Further during the year, the Group's contribution of Rs.193.68 lacs (31 March, 2017: Rs.194.84 lacs) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 24. Disclosures given hereunder are restricted to the information available as per the Actuary's Report.

	As at 31 March, 2018	As at 31 March, 2017
Discount rates	7.50%	7.00%
Expected yield on plan assets	8.75%	8.75%
Guaranteed Interest Rate	8.55%	8.60%

(f) Risk Exposure

Though its defined benefit plans, the Group is exposed to some risks, the most signifcant of which are detailed below:

Discount Rate Risk

The Group is exposed to the risk of fall in discount rate. A fall in discount rate will eventually inrease the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risks

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Notes to the Consolidated Financial Statements

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Group is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

35 SEGMENT REPORTING

(a) The Group has identified business segment as the primary segment. The Group is engaged in production of sponge iron and generation of power from waste heat. Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on manufacture of sponge iron and generation of power, reportable segments for financial statements in accordance with Ind AS 108 "Operating Segment". The Group's activities/operations are primarily within India.

(b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and 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

Rs. in lacs

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Segment revenue		
Sponge Iron	76,123.17	56,512.98
Power	7,243.08	6,464.50
Less: Inter segment transaction	(1,701.71)	(1,461.41)
	81,664.54	**61,516.07**
Segment results	-	
Sponge Iron	12,468.48	804.98
Power	4,750.88	4,320.17
Unallocated income/(expenditure)	4,125.88	3,469.53
Profit Before Finance Cost and Tax	21,345.24	8,594.68
Less: Finance costs	324.67	244.40
Profit before tax	21,020.57	8,350.28
Less: Tax expenses	6,932.62	2,473.24
Profit after tax	14,087.95	5,877.04
Other comprehensive income	111.25	(136.15)
Total comprehensive income for the year	**14,199.20**	**5,740.89**

Segment assets and liabilities

Particulars	As at 31 March, 2018	As at 31 March, 2017
Segment assets		
Sponge Iron	44,572.29	38,309.91
Power	4,573.23	4,722.96
Unallocated	72,290.47	61,556.04
	1,21,435.99	**1,04,588.91**
Segment liabilities	0.01	-
Sponge Iron	12,768.36	10,479.16
Power	711.24	678.85
Unallocated	9,303.79	6,938.64
	22,783.39	**18,096.65**

Notes to the Consolidated Financial Statements

Name of customers who contributed 10% or more to the Group's revenue:

Name of customer	Year ended 31 March, 2018 Amount (Rs. in lacs)	Year ended 31 March, 2017 Amount (Rs. in lacs)
Sponge Iron		
K.D Iron & Steel Co.	7,898.63	6,454.49
Lhaki Steels & Rolling Pvt. Ltd.	9,328.79	9,793.17
Sponge Sales India Pvt. Ltd.	8,028.80	-
TATA International Ltd.	7,848.18	-
Power		
Tata Steel Limited	5457.67	5,003.09
	38,562.07	**21,250.75**

Rs. in lacs

Particulars	As at 31 March, 2018	As at 31 March, 2017
Additions to Non - Current assets		
Sponge Iron	682.55	28.91
Power	-	-
Unallocated	-	-
	682.55	**28.91**
Depreciation and amortisation		
Sponge Iron	989.34	1,031.10
Power	240.94	245.21
Unallocated	-	-
	1,230.28	**1,276.31**

36 DISCLOSURE RELATING TO PROVISIONS AS PER IND AS 37- 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 Group 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

Notes to the Consolidated Financial Statements

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

Rs. in lacs

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Carrying amount as at beginning of the year	2,512.77	2,723.99	601.00	601.00	1,589.31	1,587.00
Provision made during the year	25.98	240.78	-	-	298.60	2.31
Amount paid during the year	-	452.00	-	-	-	-
Unused amount reversed during the year	-	-	-	-	-	-
Carrying amount as at the end of the year	2,538.75	2,512.77	601.00	601.00	1,887.99	1,589.31
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. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence	
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

37 ASSETS HYPOTHECATED AS SECURITY

The carrying amount of inventories and trade receivables (Note 09 and 10 respectively) are hypothecated as Primary security and Property, plant and equipment (Note 03) hypothecated as collateral security for working capital requirements .

38 OPERATING LEASES

The Group 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. 79.29 lacs (31 March, 2017: Rs. 76.49 lacs) 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 Group during the year 31 March, 2018 : Rs. 179.22 lacs (year ended 31 March, 2017 Rs. 218.70 lacs)

Notes to the Consolidated Financial Statements

b. Amount spent during the year ended 31 March, 2018 (figures in brackets represents amount for the previous year)

Rs. in lacs

Sl 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	**125.36**	**55.10**	**180.46**
		(166.96)	(52.25)	(219.21)
	Total	**125.36**	**55.10**	**180.46**
		(166.96)	**(52.25)**	**(219.21)**

40 The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

41 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28 March 2018. The rules among other key amendments relate to Ind AS 12, Income Taxes, Ind AS 21, The Effects of Changes in Foreign Exchange Rates, Ind AS 28, Investments in Associates and Joint Ventures, Ind AS 40, Investment Property, and Ind AS 115, Revenue from Contracts with Customers.These rules come into force from 1 April 2018.The company is evaluating the effect of the same with respect to the changes in the GAAP.

42 DISCLOSURE OF ADDITIONAL INFORMATION AS REQUIERD BY SCHEDULE III:

Name of 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 net assets	Amount Rs. In lacs
1	**2**	**3**	**4**	**5**	**6**
TATA Sponge Iron Limited (Parent)	2017-18	99.88%	98,536.59	99.98%	14,085.71
TSIL Energy Limited (Subsidiary)	2017-18	0.12%	116.01	0.02%	2.24
Total		**100.00%**	**98,652.60**	**100.00%**	**14,087.95**

Name of entity	Year	Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated other comprehensive income/(Loss)	Amount Rs. In lacs	As % of consolidated total comprehensive income/(Loss)	Amount Rs. In lacs
1	**2**	**3**	**4**	**5**	**6**
TATA Sponge Iron Limited (Parent)	2017-18	100.00%	111.25	99.98%	14,196.96
TSIL Energy Limited (Subsidiary)	2017-18	-	-	0.02%	2.24
Total		**100.00%**	**111.25**	**100.00%**	**14,199.20**

Notes to the Consolidated Financial Statements

43 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group, except a sum of Rs. 4.28 lacs, which is held in abeyance due to pending legal cases.

44 DETAILS OF GROUP'S SUBSIDIARIES AT THE END OF THE REPORTING PERIOD ARE AS FOLLOWS

Name of susidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the group	
			As at 31 March, 2018	As at 31 March, 2017
TSIL Energy Limited (Subsidiary)	Generation and sale of power *	India	100%	100%

* The Group was incorporated to primarily engage in generation and sale of power and is yet to carry out such activities.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304026E/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 17 April, 2018

For and on behalf of the Board of Directors

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Route Map to AGM Venue



TATA SPONGE IRON LIMITED

P.O. Joda, Dist. Keonjhar,
Odisha - 758034,
CIN No. L27102OR1982PLC001091

www.tatasponge.com

concept, content and design by AICL (hello@aicl.in)