TSIL/SE/2019-20/43

June 21, 2019

The Secretary, Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Scrip Code: 513010

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

Symbol: TATASPONGE

Dear Sir/ Madam,

Sub: Integrated Report and Annual Accounts 2018-19 ("Annual Report 2018-19") and Annual General Meeting – Record Date to be read as Date of Book Closure

With reference to the Captioned Subject, please note the following:

i. Disclosure, Ref. no. TSIL/SE/2019-20/42, to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited, dated June 20, 2019, pertaining to intimation of Record Date, we would like to request you to read *"Record Date"* as *"Date of Book Closure i.e. from Saturday July 06, 2019 to Monday, July 15, 2019 (both days inclusive), for the purpose of Dividend and Annual General Meeting."*

ii. Disclosure, Ref. no. TSIL/SE/2019-20/11, to the Stock Exchanges viz. BSE Limited and National Stock Exchange of India Limited, dated April 18, 2019, pertaining to intimation of Date of Book Closure, we would like to request you to read as *"The Register of Members and Share Transfer Books of the Company will be closed from Saturday, July 06, 2019 to Monday, July 15, 2019 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend."*

Further, we would request you to read the phrase *"Record Date"* mentioned wherever in the Integrated Report & Annual Accounts 2018-19 ("Annual Report 2018-19") [copy enclosed herewith] as *"Date of Book Closure i.e. from Saturday July 06, 2019 to Monday, July 15, 2019 (both days inclusive), for the purpose of Dividend and Annual General Meeting*."

This is for your information and records.

Thanking you,

Yours faithfully,

For **Tata Sponge Iron Limited**

Sanjay Kasture
Chief Risk & Compliance Officer
and Company Secretary

Encl. as above

TATA SPONGE IRON LIMITED

Integrated Report & Annual Accounts **2018-19**

Nurturing ‘value-accretive’ growth

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For more details, visit our website
www.tatasponge.com

"As the country's leading merchant sponge iron manufacturer, we took steps to capitalise on the growing steel demand. During the year, we enhanced our sales volumes and going way beyond the industry average of ~60% capacity utilisation, we achieved a capacity utilisation of 112%."

T. V. Narendran
Chairman

Read more in page 10

About the Report

With this Integrated Report & Annual Accounts 2018-19, Tata Sponge Iron Limited ('Tata Sponge') presents to all its stakeholders a narrative on its value-creation process and its performance during FY 2018-19. The Report presents balanced information on Tata Sponge's performance and summarises its governance, strategic framework, its value paradigm, its opportunities and its future prospects in a comprehensive manner. Apart from the Company's financial performance, the report covers the non-financial aspects, including operational, environmental and social performance.

The report provides an account of the material issues, their impact on the Company's value-creation process and the Company's strategic responses towards addressing these material issues.

Standards and framework

The Report is based on the guiding principles and content elements of the International Integrated Reporting <IR> Framework recommended by the International Integrated Reporting Council (IIRC). The other statutory reports, including the Directors' Report, Management Discussion and Analysis (MDA) and the Corporate Governance Report, are as per the Companies Act, 2013 (including the rules framed thereunder), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the revised Secretarial Standards issued by the Institute of Company Secretaries of India. The financial statements are as per the Indian Accounting Standards.

Scope and boundary of the Report

The reported information for FY 2018-19 covers the Company's manufacturing operations at Joda, Keonjhar, district Odisha and its corporate offices at Bhubaneswar and Kolkata. The report also covers the Company's sales and marketing activities, its initiatives across the value chain, as well as its community initiatives. Comparative figures for the last five years have been incorporated, wherever thought fit.

Materiality

The report presents information on all the issues that are identified as material by the Company. These issues have significant business impacts and are key to the Company's value-creation process.

Assurance

The financial information in the Report has been audited by an authorised external auditor – Price Waterhouse & Co Chartered Accountants LLP (Pw).

Besides, the senior management of the Company has been closely involved in reviewing the non-financial information in the report and undertakes the responsibility for ensuring the integrity of the information.

Nurturing 'value-accretive' growth

Value-accretive growth is our overarching objective that drives our short-term and long-term strategies in a dynamic industry scenario.

We strive to grow and retain value in every facet of the business – from seeking organic and inorganic growth opportunities, focussing on capacity expansion and operational excellence cultivating and empowering the future talent pool and also optimising resources and developing sustainable communities.

For more than 15 years, we have continued our operations with an uninterrupted track record of dividend payments to our investors. Our 112% capacity utilisation rate during the year was far ahead of industry average and remains a high benchmark of operational excellence. Of the multiple enablers that help us achieve excellence, constant focus on resource optimisation and yield maximisation have been of paramount importance to us.

During the year, we continued to follow our strategy of value-accretive growth by delivering high-quality product, engaging more with customers and creating strong market recognition as an outperforming sponge iron brand. We are strengthening the overall integration of our business, drawing on the synergies of our parent company, Tata Steel and the Tata group to fast-track growth.

Most importantly, our sustainability commitment underpins our growth endeavours. We continue to remain committed to the safety and wellness of our people, a greener planet, and healthier and happier communities. Holistically speaking, this is our interpretation of value-accretive growth.

Sustainable value accretion

Investors

Revenue (₹ in crores)
992.05

EBIDTA (₹ in crores)
144.70*

*(EBITDA from operations)

PAT (₹ in crores)
124.33

Dividend payout (₹ per share)
12.50*

*(Proposed)

Customers

Customer satisfaction index
92.06%*

*(As per latest survey carried out by the Company)

Customers associated with us for 3+ years
85%

Employees

Employee safety (LTI)
One

Employee health index (On a scale of 5)
3.41

Employee satisfaction score (On a scale of 5)
4.40

Suppliers

Contractors covered in support of Affirmative Action* (Nos.)
13

*(Suppliers from marginalised sections)

Supplier satisfaction index (On a scale of 5)
4.24

Communities

CSR outreach (No. of lives touched)
34,000

CSR expenditure (₹ in crores)
2.36

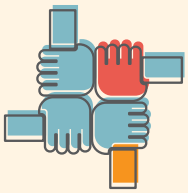
Overview > **Key Milestones**

Decades of value creation

1982
Commencement of our journey

Started as IPITATA Sponge Iron Limited, a joint venture between Tata Steel Limited and the Industrial Promotion & Investment Corporation of Orissa Limited (IPICOL), using TISCO Direct Reduction (TDR) technology

1991
Emerging stronger



Tata Steel acquired IPICOL's entire stake and Tata Sponge became an associate company of Tata Steel

2008
Towards industry leadership

Established benchmark performance in the industry by improving equipment efficiencies, reducing costs and following Total Productive Maintenance (TPM)

1998
Adoption of clean technology

Ventured into clean energy production through Waste Heat Recovery Boilers (WHRB)

Value creation is a continuous journey for us that is both exciting and eventful. It takes into account the changing expectations of customers and other stakeholders, shifting market dynamics and regulations, technology transformations and emerging opportunities for organic and inorganic growth in India and globally.

2017

Paving the way for next-level growth

Received an approval from the Ministry of Environment, Forest and Climate Change, Government of India, for enhancement of sponge iron production by 35,000 MT (i.e., from 3,90,000 MTPA to 4,25,000 MTPA) in the existing facility

2019

Ushering in a new growth era

Foray into steel manufacturing business and prepare for forward and backward integration

Received an approval from the Ministry of Environment, Forest and Climate Change, Government of India, for enhancement of sponge iron production by 40,000 MT (i.e., from 4,25,000 MTPA to 4,65,000 MTPA) in the existing facility

Here onwards

Tata Sponge is prepared to leverage the opportunities of forward and backward integration. As part of the Tata Steel group, we are trying to better leverage on the synergies with our parent company, and present an attractive value proposition to our stakeholders.

We want to further strengthen our accessibility to raw materials and enter into steel manufacturing, especially with an enhanced focus on long products.

Overview > **Tata Sponge at a Glance**

Integrated excellence is an exciting marathon

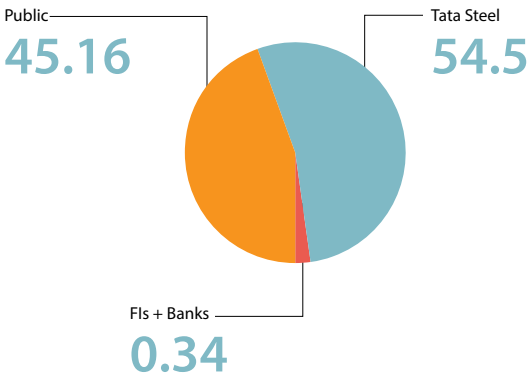
We have emerged as India's largest manufacturer of merchant sponge iron and aspire to be the benchmark in coal-based sponge iron operation by adopting best practices, innovating and exploring new opportunities for investment in our value chain.

We are a subsidiary of Tata Steel, the world's 10th largest steel maker by crude steel production volume in 2017*.

We embody the ethos of the Tata group which believes in 'Leadership with Trust' and are guided by our strong fundamentals.

*World Steel Association, 2018

Shareholding Patterns (%)



As at March 31, 2019

We are guided by our vision and instil our values in what we do.

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.

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.

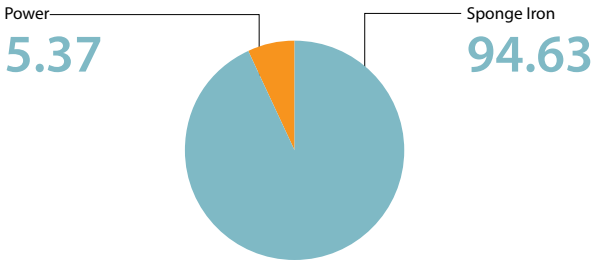
We leverage our inherent strengths to pursue our vision and live by our values, and power our business to outperform consistently.

With a consistent focus on quality and operational excellence, we have set an industry benchmark in terms of capacity utilisation.

We have an installed capacity of 390,000 TPA of sponge iron making. Additionally, we generate power using the Waste Heat Recovery route, with an installed capacity of 26 MW. The power generated by us is used for captive use and third-party sale.

We are located in Bileipada near Joda in the Keonjhar district of Odisha. Our plant is located near one of India's richest iron ore reserves. Moreover, we are well connected to road and railway networks, which ensures a seamless raw materials supply to the plant and product dispatch.

Segment-wise Revenue (%)



We are growing our scale and scope on the back of our strong fundamentals.

Our competitive advantages

> Track record of above-average operational efficiency
> Consistent product quality
> Raw material (iron ore) security and its proximity
> Enriched customer relationship management practices
> Reliable manufacturing workflow with online information system and data backup
> Infrastructural facilities to support manufacturing and delivery of finished products
> Fair, transparent and ethical business practices
> Efficient environment and waste management systems
> Competent, motivated and engaged workforce, resulting in lower attrition
> Cogeneration of power for own use and sale
> Deep community relationships

Awards and recognition

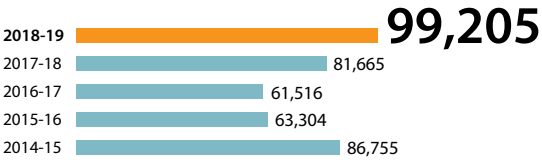
> Kalinga Safety Award
> Industry Leader Recognition to Tata Sponge in Tata Business Excellence Model (TBEM)
> IIM National Quality Award
> CII SHE Award
> CMO Asia's 8th Best CSR Practices Award
> Tata Business Excellence Group (TBExG) Recognition for Affirmative Action
> CII Productivity Award

Overview > **Key Performance Indicators**

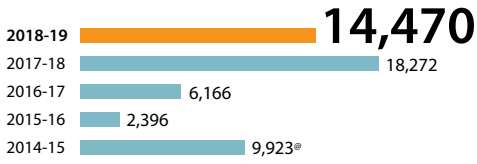
Consistent value creation

Financial performance

Turnover (₹ in lakhs)



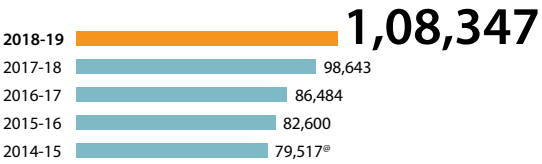
EBIDTA* (₹ in lakhs)



*(EBIDTA from operations)

@(Not as per Ind AS)

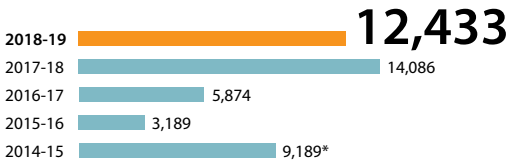
Net Worth* (₹ in lakhs)



*(Net Worth=Share Capital + Other Equity)

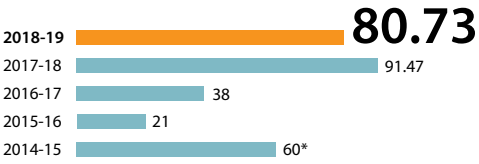
@(Not as per Ind AS)

Profit After Tax (₹ in lakhs)



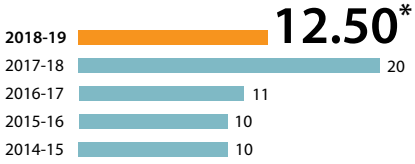
*(Not as per Ind AS)

Earnings Per Share (₹)



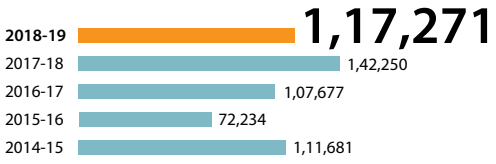
*(Not as per Ind AS)

Dividend Payout (₹ per share)



*(Proposed)

Market Capitalisation* (₹ in lakhs)



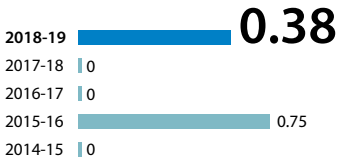
* (As on March 31)

Non-financial performance

Capacity Utilisation (%)

Specific Emissions (tCO_2e/tonne of sponge iron)

Safety Indicators (LTIFR)



Specific Water Consumption (KL/MT of Sponge Iron)

Overview > **Chairman's Message**

Ushering in a new era of growth

"As the country's leading merchant sponge iron manufacturer, we took steps to capitalise on the growing steel demand. During the year, we enhanced our sales volumes and going way beyond the industry average of ~60% capacity utilisation, we achieved a capacity utilisation of 112%."

T.V. Narendran
Chairman

Dear Shareholders,

It gives me great pleasure to write to you as the Chairman of Tata Sponge Iron Limited. The year under review has been an important year for your Company and I am happy to present to you the Integrated Report of Tata Sponge Iron Limited for Financial Year 2018-19.

Global growth witnessed a slowdown in 2018, owing to factors such as the escalation of US-China trade tensions, macroeconomic stress in Argentina and Turkey, tighter credit policies in China, and financial tightening and the normalisation of monetary policy in larger advanced economies. Despite sluggish global growth, the US economy outshone other advanced economies and grew steadily from 2.2% in 2017 to 2.9% in 2018. Emerging and developing countries, especially China and India, played a pivotal role in driving global growth. Despite various challenges, global steel demand showed resilience and grew at 2.1%. In India, steel demand witnessed favourable conditions. India produced 106.5 MnT of crude steel in 2018 and became the second largest steel producer in the world.

As the country's leading merchant sponge iron manufacturer, we took steps to capitalise on the growing steel demand. During the year, we enhanced our sales volumes and going way beyond the industry average of ~60% capacity utilisation, we achieved a capacity utilisation of 112%.

All-round excellence

During the year, our revenues increased by 21.48% to ₹992.05 crore from ₹816.65 crore in the previous year, owing to higher demand and increase in production. Our performance during the year is a result of our conscious efforts towards improving operational efficiency and focussing on yield maximisation. Instilling various aspects of business excellence in our processes and systems, we surpassed our own benchmarks in capacity utilisation, energy efficiency and environmental performance.

Your Company has been recognised for its efforts as an 'Industry Leader' in

Capacity utilisation in FY 2018-19 (%)

112

Revenue growth in FY 2018-19 (%)

21.48

business excellence and has qualified for the prestigious Tata group-wide award, JRD-QV. During the year, your Company was awarded the IIM National Sustainability Award for Financial Year 2017-18 by the Indian Institute of Metals. Despite growing production, your Company maintained the highest safety standards. Our efforts were recognised by the Confederation of Indian Industry (CII) (Eastern Region), and we were awarded with the prestigious CII (ER) Productivity and CII (ER) Safety, Health & Environment (SHE) awards.

Road ahead

We are now geared up for a new growth era, leveraging our existing strengths and building stronger synergies with the Tata Steel group. To move beyond manufacturing of sponge iron and to expand the product portfolio of the business, during the year, your Board took a decision to foray into the long products business. As a step in this direction, we successfully completed the acquisition of the steel business undertaking of Usha Martin Limited and are now focussing on integrating the business with that of your Company, including bringing about process integration, technological changes, skill enhancement of existing workforce and other relevant cultural changes.

We endeavor to position ourselves as an integrated steel enterprise with a diversified business portfolio. To align the name of your Company with its new line of business, your Board also proposed to change the name of your Company from 'Tata Sponge Iron Limited' to 'Tata Steel Long Products Limited'. The proposal for name change is being placed before you at the ensuing Annual General Meeting. During the year, your Board also approved a Rights Issue of ₹1,800 crore.

Value for all

Value accretion for all stakeholders is at the centre of our actions. Over the years, we have maintained a consistent dividend track record. Your Board has recommended a dividend of ₹12.50 per share for the Financial Year 2018-19.

We also strive to ensure that our efforts lead to value enhancement across multiple capitals. During the year, we maintained our specific emissions at 1.85 tCO_2e/tonne of sponge iron, being one of the lowest in our industry. Our harmonious long-term relationship with communities is an outcome of our strategic Corporate Social Responsibility (CSR) interventions. During the year, we spent ₹2.36 crore towards various CSR programmes in the areas of education, health, rural infrastructure and livelihood creation. Your Company won the Best Corporate Social Responsibility Practice award on Education at the 8th Asia Best CSR Practices Awards 2018.

As we continue on our journey, I would like to thank you and all the other stakeholders for the continuous support to the Company and look forward to the same in the years to come.

Warm regards,

T. V. Narendran
Chairman

Value-creation Process > **Operating Context**

Responding to the external environment

Capitalising on a growing economy

India continues to be one of the world's fastest growing major economies, with a 7% growth rate in FY 2018-19 (Source: Central Statistics Office, February, 2019). The economy was powered by moderate inflation, gradual upswing in private investment cycle and stronger income and consumption trends, which are expected to improve further, going forward.

The country now has a robust macroeconomic policy framework, flexible exchange rate and manageable exposures to foreign-currency-denominated debt. Recent structural reforms are further catalysing domestic demand, strengthening investment and improving growth prospects.

According to the World Bank, in terms of ease of doing business, India has jumped 23 positions against its rank of 100 in 2017, to be placed now at 77th rank among 190 countries. Added to this, the country has witnessed a sustained growth in domestic demand with nearly 60% of the country's GDP being driven by domestic private consumption (Source: Economic Survey of India, 2018-19).

The Government of India has undertaken multiple initiatives (budgetary and non-budgetary support) for improving rural infrastructure and livelihoods spending. With forecasts of normal monsoons, this will provide a huge impetus to rural growth and demand.

What it means for Tata Sponge?

Operating against the backdrop of strong macro fundamentals, we are capitalising on the opportunities presented by the growth in rural and urban demand. Our focus continues to be higher sales volumes and expanding our markets.

Leveraging infrastructure growth possibilities

The Government of India is giving significant policy and budgetary impetus to infrastructure development across sectors - housing, railways, airports, renewable energy, highways, water and sanitation, among others. India's Smart Cities Mission encourages the development of 100 cities across the country, making them citizen friendly and sustainable. Large-scale infrastructure development projects will further propel economic growth. The country is expected to become the world's third-largest market for infrastructure and construction by 2025 (Source: KPMG Infrastructure Report).

What it means for Tata Sponge?

With infrastructure growth, the steel and related industries will see a demand upsurge, which will augur well for the Company's growth.

Encouraging opportunities on the steel horizon

One of the major regulatory reforms introduced in 2017 has been the enactment of the new corporate Insolvency and Bankruptcy Code aimed to resolve the Non-Performing Asset (NPA) issue and create an enabling environment for financing growth activities. Many companies referred to in this process have been large players in the steel sector. In line with the global trend of consolidation across the metals and mining value chain and driven by this regulation, the domestic steel sector is also moving towards consolidation. This, in turn, will enhance market opportunities and usher in enhanced efficiency, productivity, good governance and sustainability.

What it means for Tata Sponge?

Driven by regulatory developments, there is an emergence of more distressed assets in the metals and mining sector. This has been creating more opportunities for fundamentally strong sectoral players to undertake organic or inorganic growth.

Continuing leadership in the sponge iron industry

India is the world's largest producer of sponge iron and has over 400 sponge iron units with about 35% of the nation's steel capacity using sponge iron for production. The National Steel Policy 2017 lays out an ambitious growth path for the sponge iron sector, the capacity of which is expected to reach 80 million tonnes by FY 2030-31. Over the years, the coal-based route has emerged as a key contributor and accounted for 79% of the country's total sponge iron production.

What it means for Tata Sponge?

Implementing operational excellence and quality assurance, we attained one of the highest capacity utilisations by any coal-based sponge iron plant.

Value-creation Process **> Business Model**

Our blueprint for value creation

Financial strength

We are focused on growing revenues and margin

People potential

We develop and retain, engaged and competent people since they are key to efficient plant operations

Insight and innovation

We focus on process innovation for yield maximisation and resource optimisation

What do we depend on

Networth (₹ in lakhs)
1,08,347

Total investment in training (₹ in lakhs)
99.70

Process improvement initiatives (Nos.)
53

What we do

Our business processes

Raw materials
- Iron Ore
- Coal

Inward logistics
- Road
- Rail

What are the outcomes

Profit After Tax (₹ in lakhs)
12,433

Earnings Per Share (₹)
80.73

Lost time injury (LTI)
One

Training
(Man-days/employee)
10.07

Savings made through improvement projects (₹ in lakhs)
1,818.42

Manufacturing prowess

We continue to invest and adopt world-class practices (Kobetsu Kaizen and Jishu Hozen) for consistently increasing production and reducing variability in product quality

100%
Operations comply with ISO 9001, 14001 and OHSAS 18001

Natural resources

We depend on natural resources such as iron ore and coal for our production; and our operations impact the natural environment around us. Hence, we try to conserve natural resources and minimise impacts.

Specific coal consumption (MT/MT of DRI)
0.912

Specific water consumption (KL/MT of DRI)
2.89

Collaborations and partnerships

We collaborate and partner with our key stakeholders, including suppliers, customers, community and promoters, among others

99.8%
Delivery compliance

CSR expenditure (₹ in crores)
2.36

Sponge iron sales (MT)
4,37,331

Power sales externally (MU)
143.47

100%
Fly ash generated is utilised

CSR beneficiaries (Nos.)
34,000

Repeat orders from customers
100%

Value-creation Process > **Stakeholder Engagement and Key Issues**

Evaluating and addressing issues that matter

Our active engagement with stakeholders to understand their requirements and address their issues are based on the tenets of sustainable value creation.

Stakeholder engagement

Stakeholder groups	Relevance	Stakeholder concerns
Investors/ Shareholders	They are the key financial capital providers and their long-term interest in Tata Sponge is of paramount importance	- Consistent financial returns - Transparency in disclosures and communication - Adherence to ethics and corporate governance practices
Customers	Their feedback and engagement is key to our efforts on process-product improvement, along with our market leadership	- Consistent product quality - Timely delivery - Product handling and packaging
Suppliers	The timely supplies and logistical efficiency significantly impact our costs and operational efficiency	- Timely payments - Solving technical issues - Knowledge exchange
Employees	They are at the centre of all our operations and their collective acumen, skills, experience and innovation mindset are key to our processes	- Learning and growth opportunities - Remuneration - Engagement - Transparency of communication
Communities	The cooperation and partnership of members from our neighbouring communities is essential for our sustainability and collective progress	- CSR interventions in areas of employability, education, employment and entrepreneurship - Interventions in areas of rural development, health and livelihood - Transparency of communication

While we constantly engage with our stakeholders on various platforms to understand their issues, our senior management also keeps reviewing the issues that impact our value-creation capabilities. To prioritise and arrive at a list of these material issues, we also do a thorough peer review.

Following this process, we have arrived at the following material issues:

Matters most relevant to our value creation

Nature of issue	Material issues	Relevance
Governance	Business ethics	Ensuring highest ethical standards and preventing corruption while maintaining transparency in disclosure and communication
	Compliance and internal controls	Ensuring compliance with applicable laws and maintaining strong internal controls
	Risk management	Ensuring robust risk management processes, and managing issues and events that could cause reputational, financial, political, operational and/or strategic impacts
Social	Supply chain management	Building long-term relations with focus on economic, logistical, environmental and social standards
	Corporate Social Responsibility (CSR)	Identifying community needs and investing in CSR programmes to address the needs
Human resource	Diversity and equal opportunities	Encouraging diversity of gender, ages, cultures, backgrounds and skills across the organisation
	Employee recruitment, retention and development	Recruiting, retaining and developing a high-performance workforce while providing equal opportunities
	Health and safety	Ensuring a safe and healthy work environment for our workforce
Environment	Energy management and climate change	Reducing energy consumption and Greenhouse Gas (GHG) emissions — both total and specific consumption — with increased focus on operational efficiency
	SOx, NOx and dust emissions	Ensuring compliance and maintaining improved standards of performance
	Water management	Optimising water consumption and managing effluents, while improving water quality
	Environmental compliance	Monitoring regulatory requirements and ensuring compliance

Value-creation Process **> Strategic Framework**

In step with our core values

Our strategic priorities and their implementation revolve around our core values. We ensure that our corporate philosophy and initiatives are in tandem.

Our strategy lays the blueprint of our value-focussed approach to 'capitals' allocation. It helps in prioritisation, while ensuring strong operational performance and consistent financial returns to our stakeholders.

Integrity

Trusted partners

For more information, refer to **page 24**

Pioneering

Insight and innovation

For more information, refer to **page 20**

Strategic focus areas →

Organic or inorganic growth

Pursuing long-term value creation opportunities and business development in new growth areas along the value chain

→ **Market leadership**

Capitalising on the country's infrastructure growth by entering into emerging business areas, while achieving leadership position in existing markets

→ **Operational excellence**

Sustaining our industry leadership for capacity utilisation with focus on raw materials, cost and quality optimisation and waste minimisation

Relevance ↑

Responsibility

Sustainable business

For more information, refer to **page 36**

Unity

Human resources

For more information, refer to **page 32**

Excellence

Operations and technology

For more information, refer to **page 28**

Our strategic framework for sustainable value creation

Trusted partners

Building long-term relationships with suppliers/partners while ensuring efficiency and sustainable practices in the supply chain

Employer of choice

Retaining and developing an engaged and competent talent pool

Sustainable business

Sustaining industry benchmark for health, safety and environment and harmonious relationships with the communities where we operate

Value Realisation > **Insight and Innovation**

Pioneering

What does this value mean?

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

One of India's largest

merchant sponge iron manufacturers.

We have always been at the forefront of adopting best-in-class technologies and practices, which have enabled us to set high industry benchmarks. With our pioneering ideas and ingenuity, we have set ourselves apart in the industry. We, at Tata Sponge, embed innovation in the very fabric of our organisation. We believe, innovation is one of the most powerful ways to drive business growth in a dynamic business environment.

Innovation drives performance

Our focus on increasing operational efficiencies and enhancing capacity utilisation, coupled with our strong management mechanisms and trained human capital, have enabled our robust financial performance. We have been the only sponge iron plant that has consistently earned profit for over 15 years and paid dividend to shareholders.

In order to achieve forward integration, de-risk our revenue base, secure raw materials and drive economies of scale, we are focussed on exploring organic and inorganic growth opportunities.

Strategy linked to this core value

Strategic focus area	Achievements in FY 2018-19	Way forward for FY 2019-20
Organic or inorganic growth **Enablers** - Innovating new ways to revamp business processes and attain competitive advantage - Following an innovative approach to operational efficiency - Exploring consolidation options along the value chain	On October 24, 2018, the Board of Directors of your Company approved the acquisition of the steel business undertaking of Usha Martin Limited. With an uncompromising focus on yield maximisation and cost optimisation, we have improved our net realisations. Completed acquisition of steel business undertaking of Usha Martin Limited on April 9, 2019.	Capitalising on the opportunities presented to us by the external environment, we are now making significant strides by adopting new technical know-how and a renewed approach to operational performance. We have already started integrating the required systems and processes, while gearing up for this change.

Value Realisation > **Insight and Innovation**

Processes helping in long-term value creation

In our business, process efficiency and cost optimisation lead to encouraging financial outcomes. To strengthen margins, we have always adopted high-quality benchmarks and management standards. We also focus on building in systems and processes that help improve realisations.

Along with quality certifications such as ISO 14001, OHSAS 18001 and ISO 9001, we leverage Information Technology (IT) and digitalisation for process efficiency. Some of the key IT-enabled systems that we have adopted are:

- Building a tracker for Key Performance Indicators (KPI)
- Adopting an electronic logbook (eLBK) for process efficiency
- Ensuring efficiency with a power management system
- Deploying a dynamic operational model using Artificial Neural Network (ANN)

Collaboration to drive innovation

We partnered with the Tata group level technology and innovation centre – the Tata Innovation forum, National Metallurgical Laboratory (NML), Jamshedpur and the Indian Institute of Technology, Bhubaneswar to fortify our innovation efforts. The result: we have surpassed our rated capacity every year since FY 2016-17, even after more than three decades of operations.

During the year, we operated at 112% of our designed capacity. We continue to refresh and realign our innovation roadmap through our review forums, which also guide the prioritisation, continuation or discontinuation of these initiatives.

Real-time monitoring of raw material quality

During monsoon, quality fluctuation increases due to moisture in coal and also due to non-separation of fines from the iron ore / coal. Efficiency of the process can still be brought under control if such fluctuations are identified before the injection of raw material into kilns.

We were in search of such a real-time measurement system. We found one such ready-to-deploy arrangement, but it was cost prohibitive and its reliability could not be ascertained for procurement. As a result, our in-house R&D team devised our own solution. This has lead to the development of a concept that has been prototyped for testing. The test results of this initiative are quite encouraging.

Value Realisation > **Trusted Partners**

Integrity

What does this value mean?

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

Repeat orders from customers

100%

In line with the Tata group's ethos and corporate governance practices, we abide by the Tata Code of Conduct in all our interactions with internal and external stakeholders.

In addition to the Tata Code of Conduct, ethical and corporate governance practices are built in our business processes through the implementation of the policies.

These policies guide our ethical practices and ensure that we remain committed to high standards of corporate governance.

Our commitment to ethics and corporate governance makes us the preferred choice of all our stakeholders. We are the suppliers of choice for our customers and have established long-term associations with several of them. This helps us in retaining market leadership and long-term partnerships.

Strategy linked to this core value

Strategic focus area	Achievements in FY 2018-19	Way forward for FY 2019-20
Market leadership **Enablers** - Customer engagement - Differentiating through quality, services and delivery	We consistently performed well in our customer satisfaction surveys, with a Customer Satisfaction Index score of 4.63 on a scale of 5 in FY 2018-19.	With entry into the new steel business and developments, along the value chain (both downstream and upstream), we will be fostering new partnerships and will be revising our existing practices.
Trusted partners **Enablers** - Collaborative efforts with partners - Knowledge exchange and training - Timely payments and sustained ethical transactions	We consistently performed well in our supplier satisfaction surveys, with a Supplier Satisfaction Index score of 4.24 in FY 2018-19. We have closely engaged with several suppliers over the year for supplier audits.	

Value Realisation > **Trusted Partners**

Building long-term relationships

We have established a marked presence in various market segments in India and neighbouring countries, including Nepal and Bhutan. Our primary market is located in and around Eastern India and North India, besides growing export presence.

Tata Sponge caters to the metallic requirements of secondary steel producers. Companies in this sector are small and distributed in clusters. Sponge iron being an intermediary product, there is no fundamental difference in customer needs on product quality. Hence, there is little scope for the sponge iron industry to practice product-based segmentation. Segmentation, therefore, has been limited between key and spot customers. This classification is based on the customer's financial strength and years of association with us.

Initiatives for customer engagement

To continue long-term relationships with our key customers, we offer several benefits including:

- **Letter of credit facility**
- **Preferential dispatch**

Prioritised services such as visits by technical personnel for understanding and solving customer issues and timely account settlement, among others

Facilitating frequent interactions with senior leaders

Operating standards

Tata Sponge offers its customers branded sponge iron and what differentiates its product is quality. Our product conforms to BIS standard - IS 15774:2007

We review whether our delivery of products and services to customers are timely and whether or not they meet customers' requirements.

Delivery Compliance (%)

2018-19	**99.80**
2017-18	99.75
2016-17	99.73
2015-16	99.55
2014-15	99.22

Being the partner of choice

Since efficiency of operations depends on the quality of raw materials, suppliers of raw materials are the key value keepers for our value chain.

Iron ore and coal alone constitute 76% of our production cost. Moreover, being located in the iron ore zone, we have a cost advantage for logistics. We share synergic relations with our parent company, Tata Steel, for sourcing of iron ore, which is one of the best quality iron ores in India. We import a large proportion of coal requirements from South Africa, which not only helps reduce specific consumption but also cuts down specific carbon emissions.

At every stage of the value chain, excellence is achieved through a three-pronged focus on quality, cost consciousness and sustainability.

Building sustainable relationships

We believe in constant collaboration and encourage our suppliers to participate in various innovative initiatives. We conduct regular interactions with potential suppliers and explore possibilities of cost reduction and productivity enhancements. We believe a mutual exchange of knowledge and expertise helps instil trust in our partners.

Some of the collaborative initiatives we undertook with our suppliers comprise:

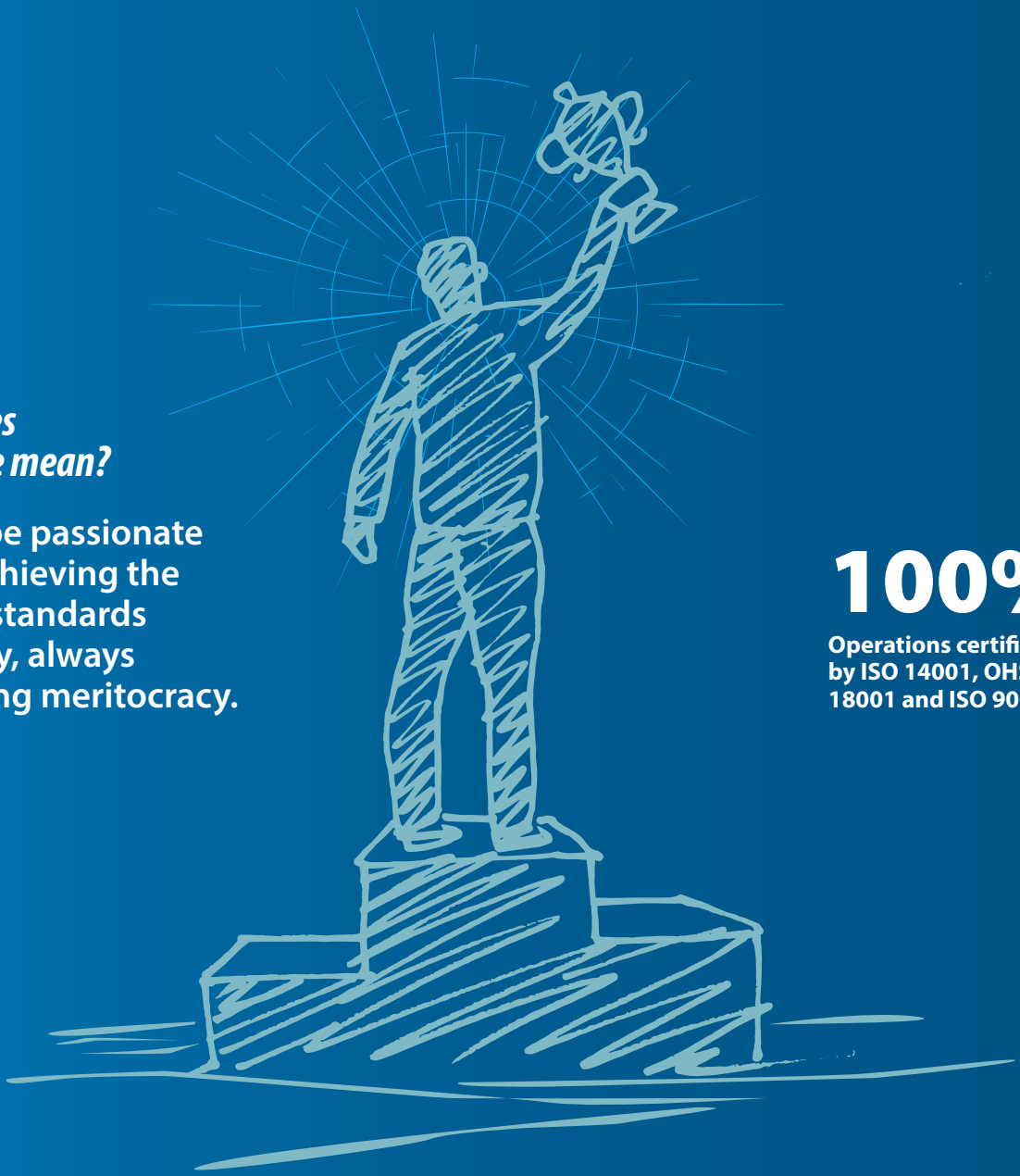
- Application of heat-resistant paint on kiln to reduce coal consumption
- Briquetting of coal fine
- Use of online thermal screen

Supplier satisfaction index (On a scale of 5)

4.24

Value Realisation > **Operations and Technology**

Excellence



What does this value mean?

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

100%

Operations certified by ISO 14001, OHSAS 18001 and ISO 9001

Operational excellence is at the centre of our business performance. With unwavering focus on operational efficiency, we try to fulfill our objectives of cost optimisation and yield maximisation.

We have taken multiple initiatives at each stage of our operations i.e., production planning and control, raw material sourcing and logistics, marketing and sales, power generation and distribution, among others. Interestingly, we harness the prowess of digital technology to build more efficient systems and processes.

Strategy linked to this core value

Strategic focus area	Achievements in FY 2018-19	Way forward for FY 2019-20
Operational excellence **Enablers** - Managing operations efficiently through use of digital technology - Ensuring consistent raw material availability - Encouraging a culture of innovation - Maximising the efficiency of logistics - Debottlenecking, breakthrough and incremental process improvements	We have attained record capacity utilisation of 112% during the year without compromising on quality, safety and sustainability parameters.	Foraying into steel production will include both process integration with the existing sponge iron operations, as well as introduction of new operational processes. We plan to use contemporary management tools, techniques and standards to manufacture steel products of the highest grade. This will facilitate our upstream and downstream quality assurance processes.

Value Realisation > **Operations and Technology**

Over the years, we have undertaken various initiatives to drive operational excellence. Some of these are:

Harnessing our research acumen for quality

For us, maximising value entails quality control at every stage of production. The quality of raw materials determines the quality of the end product.

Enhancing production and driving energy efficiency

We have taken a multitude of measures to improve operational efficiency and enhance production during the year.

Use of dolomite from injection side

The designed rate of production of our sponge iron plant is 1,250 Tonnes Per Day (TPD). However, during the year, the plant has been operated at the production rate of 1,323 TPD. The result is that the residence time of iron ore has declined significantly. Due to this reason, we had to feed higher quantity of coal to reduce the iron ore faster. As we are using coal of South African origin, total sulphur input to kilns substantially increased, leading to a tendency of higher sulphur content in sponge iron. To mitigate the challenge, we have installed a dolomite injection facility from the injection end

of the kiln as well. Now, the system has been installed and the test of efficacy is in progress.

Capacity enhancement of SAB blowers at the outlet zone of kiln

For enhancement of production rate to 1,323 TPD from its designed rate of 1,250 TPD, additional air was required. To supply additional air, the capacity of Secondary Air Blowers (SAB) at the outlet zone of the kiln has been enhanced, ensuring higher production and quality improvement.

Fixing energy-efficient cooling tower fans in captive power plants

We have replaced cooling tower fans in captive power plants with enhanced energy-efficient fans. This has enabled us to reduce energy consumption and related emissions.

During the year, the plant was operated at the production rate of 1,323 TPD.

Excellence is recognised

During the year, we were able to substantially increase the kiln's campaign life by retarding the accretion formation rate by adopting new ways of functioning, which have been the outcome of our R&D efforts with premier institutes. Our culture of innovation, resulting in operational excellence, has not only enriched us professionally, but has also helped us get recommended for the coveted JRD(QV) award within the Tata group.

We bagged the prestigious CII (ER) SHE Excellence award under the category of Manufacturing - Large Scale, 'Productivity Award' as the Champion from the Institute of Quality and Environment Management Services, and the 'Sustainability Award' from the Indian Institute of Metals.

Production of Sponge Iron* (000' MT)

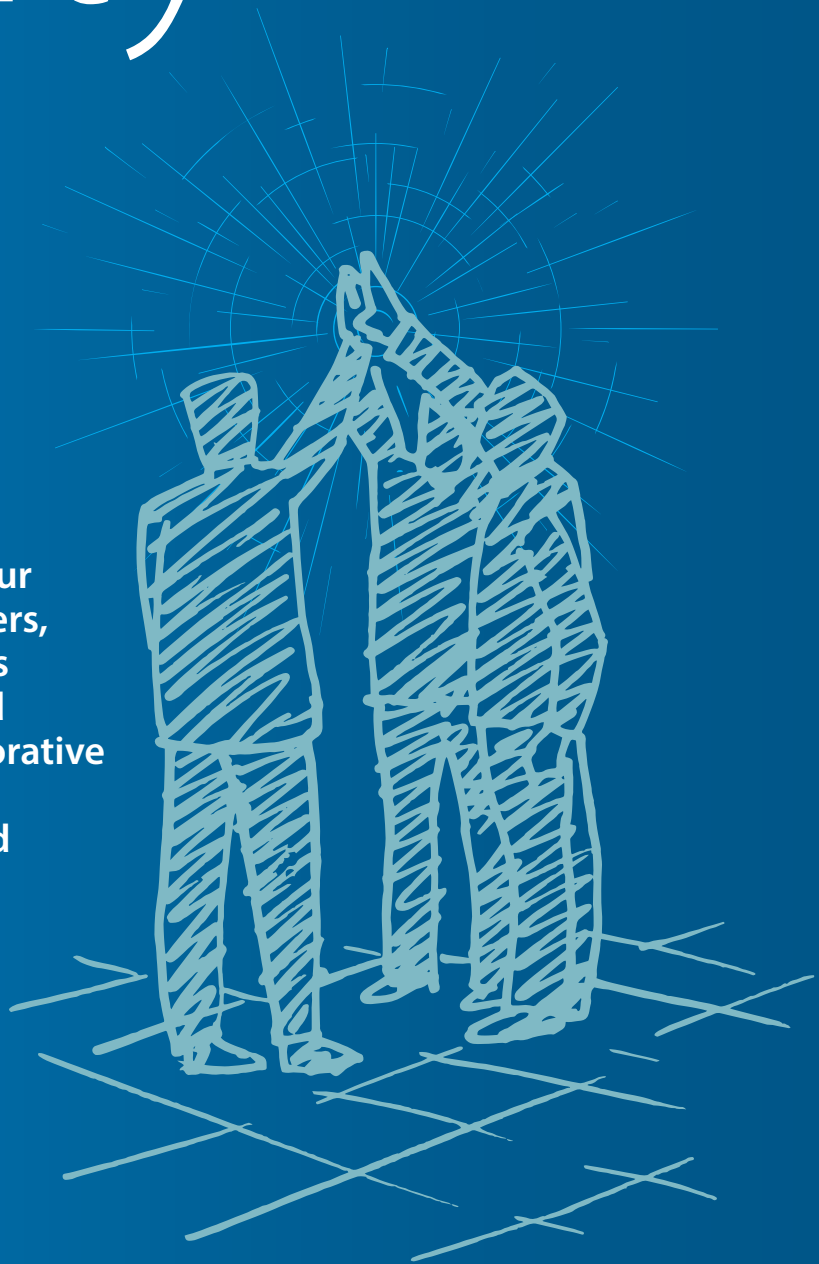
Power Generation* (MKWH)

Sponge Iron Capacity* (%)

*Figures have been rounded off

Value Realisation **> Human Resources**

Unity



What does this value mean?

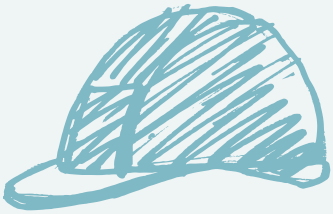
We will invest in our people and partners, enable continuous learning and build caring and collaborative relationships, based on trust and mutual respect.

Human capital is the most critical resource that our business depends on, and our relationship with our employees and contractor partners is the key to uninterrupted operations and efficient processes. Our people practices are focussed on providing a safe working environment for our employees and contract workforce. We focus on creating a culture of learning, where unique ideas can be shared and implemented for the organisation's growth and sustainability.

Strategy linked to this core value

Strategic focus area	Achievements in FY 2018-19	Way forward for FY 2019-20
Employer of choice **Enablers** - Continue introducing skilled talent from premium institutes - Strengthen employee engagement initiatives - Focus on learning and development for skills enhancement	Our employee satisfaction score has been around 4.40 on a scale of 5.	With focus on incorporating processes and practices for steel production and integration along the value chain, we are training our workforce across the organisational hierarchy.

Value Realisation > **Human Resources**



Safety culture

A major breakthrough has been the signing of agreement with the workers' union (Tata Sponge Shramik Sangh) on Consequence Management Policy on safety, to strengthen the safety culture of the Company and ensure zero harm in the workplace.

Growth opportunities

Nurturing young talent

We prepare a comprehensive six-month training module for the Graduate Engineer Trainees (GETs). The GETs were subjected to six months' training in different departments to give them a fair understanding of plant operations and subsequently they underwent an additional six months of on-the-job training in their core function. During their six months' training on plant operations, they also took the 'Adventure and Yoga Course in the Himalayas' - a team-building training.

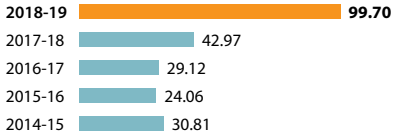
Enhancing employee competence for the future

To build the technical capability of our employees in the steel business, we entered into an agreement with Shavak Nanavati Technical Institute (SNTI) for providing training on integrated steel making process. This training has been designed by SNTI with different modules, catering to varied groups.

Reverse mentoring – A unique initiative

In response to the rapid change in technology, a programme on Reverse Mentoring was introduced to empower the fresh graduates who help their seniors adopt emerging technologies. Such a strategy creates an environment of agile learning and results in cross-pollination of ideas across hierarchies and age groups. A batch of four fresh graduates and four senior executives are undergoing the Reverse Mentoring programme. The programme brings together the young executives and senior managers of the Company.

Total investment in training (₹ in lakhs)



Training (Man-days/employee)

Encouraging diversity and employee welfare

Employee engagement

We conduct a 'Voice of Employee' Survey every year to assess our employees' engagement and satisfaction levels at the workplace.

Rewards and recognition

We support a culture of excellence by rewarding our people. During the year, the Company's annual recognition programme ('Sparkle Knight') recognised outstanding contributions by employees and other stakeholders.

Subject-wise training

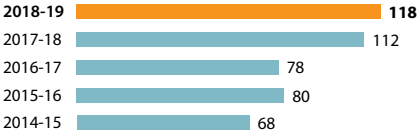
	Safety	Functional	Leadership & Managerial
Training Hours	2,169	3,210	690
	Business Excellence	Climate Change & Waste Reduction	Behavioural & Motivational
Training Hours	297	465	1,950
	Customer Focus	Ethics	
Training Hours	438	582	

Diversity and inclusion

We have rolled out a diversity and inclusion policy (powered by a cross-functional team), which works on preparing the policies and guidelines, and manages the communication.

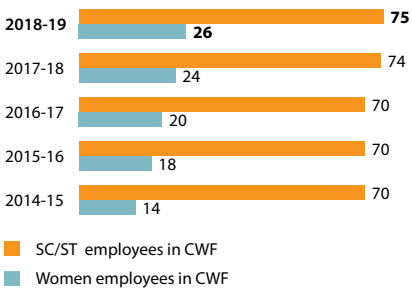
We also strive to provide a supportive work environment for women in our contract workforce, 80% of whom belong to the tribal and Dalit communities.

Rewards and recognition to contractor workforce (Nos.)



ESS–Overall (On a scale of 5)

Diversity and inclusion (%)



Value Realisation > **Sustainable Business**

Responsibility

What does this value mean?

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

Total CSR expense for FY 2018-19 (₹ in crores)

2.36

The Tata culture of giving back to society flows from the tradition of nation and sustainable community building, sowed over a century back by Jamsetji Tata, our group's founder. As part of the Tata group, we are involved in a wide variety of community development projects, which relate to skills training and entrepreneurship, livelihoods and women empowerment.

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

Strategy linked to this core value

Strategic focus area	Achievements in FY 2018-19	Way forward for FY 2019-20
Sustainable business **Enablers** - Initiatives on minimising and managing wastage and emission - Adhering to the principles of 3R – Reduce, Reuse and Recycle - Achieving excellence through adherence to world-class management standards such as OHSAS 18001 for safety and ISO 14001 for environment - Regular safety training and programmes to instill behavioural change, along with defining management responsibility for safety - Strategic CSR programmes, community requirements	The primary beneficiaries of our CSR programmes are from the five surrounding gram panchayats. Our specific carbon emissions have been 1.85tCO_2e/tonne of sponge iron, making us the lowest emitter of GHGs in the Indian coal-based sponge iron industry.	As we go for backward and forward integration along the value chain, our scope of community initiatives too will expand. With our entry into the steel business, the environmental impacts and dependencies of our operations will also enhance. Hence, we will have to review our key sustainability issues and take measures to address them accordingly.

Value Realisation > **Sustainable Business**

Our CSR outreach

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

Addressing community needs

We try to constantly engage and understand the expectations of our surrounding communities. Some of the specific challenges that the communities around us face are:

- Lack of entrepreneurial skills and apathy among youth to take up entrepreneurship as an alternative to gainful engagement
- Insufficient infrastructure supporting primary education, lack of appreciation among parents about education and non-availability of good teachers

While focussing our attention on overcoming the above challenges, we have identified a few key intervention areas for meeting community aspirations, which include increasing livelihood creation in a collaborative mode and working on a few specific interventions that engage the youth with the Company.

Education

Project Prarambh

Prarambh aims to support government-run Anganwadi Centres (AWCs) to enrich the preschool education process among children in the age group of 3- 6 years.

Tata Sponge has constructed 11 model AWCs. These Centres comprise a classroom, office room, kitchen and store room, long verandah for having Mid-day Meals(MDMs), toilets, water facility and compound wall, among others.

Residential Bridge Centre Course

To support destitute children who are school dropouts, or could not go to school, Tata Sponge has facilitated a residential centre to provide them with age-appropriate education and mainstream them in regular government schools.

Project Vidyarthi

For children in primary schools and above, there are a number of programmes that elicit their interest towards education, which include both infrastructural support (school building, class rooms, boundary wall) and improvement in educational standards (organising remedial classes). Besides, to elicit the interest of students situated in the district of Keonjhar, Tata Sponge conducts an annual exhibition on science and technology.

Project Prothsahan

This programme promotes higher studies and provides scholarships to poor and meritorious students.

Pre-matric coaching and learning enhancement programmes

These programmes aim at strengthening learning and understanding of Science, Maths and English through remedial classes.

Income generation

We arranged for loan from the District Mineral Fund (DMF) to start the Wadi Projects for a section of farmers at Ramchandrapur, Odisha.

Project Hariyali

We facilitated increase in agricultural income through multi-cropping and vegetable farming for a group of farmers in Ramchandrapur, Odisha, which is expected to yield a full-time income for the families involved with the project.

Promoting Self Help Groups (SHGs)

We formed women-led SHGs in areas like vermicompost, rice flake production, goatery, among others.

We are encouraging pisciculture by supplying fishlings in community ponds and providing support for its culture.

Job-oriented training

Project Sakshyam

In collaboration with government agencies such as ITI, Barbil and Board of Practical Training (BoPT), Kolkata, the Company has developed an in-house vocational training module called Project Sakshyam.

Project Manavi

This is an in-house training programme on tailoring.

Project Abhiyan

This is a comprehensive one and a half months' driver training programme for youth from the vicinity of our plant.

Project Liberty

This is an industrial sewing machine operator's course for girls who have education until the 10th standard.

Environmental sustainability

Project Prakriti

This project included plantation and afforestation, construction of pump house in mango plantation area, reclamation of land and cleaning of village ponds.

Rural development

Project Prabhav

Under this project baseline surveys, impact assessment studies, Affirmative Action initiatives and other rural development programmes were carried out.

Value Realisation > **Sustainable Business**

Healthcare, water and sanitation

Project Swabhiman

Through this project we aim to touch five surrounding villages and reach out to 1,000+ families We also aim to make the villages Open Defecation Free (ODF) by 2020.

Project Jaldhara

Tata Sponge has implemented a project at Bileipada village in Odisha that ensures piped water connection to 425 rural families approximately.

Health camps

We conduct camps for diseases related to the eye, skin, heart and neurology, and TB prevention, among others.

Culture

Project Ama Sanskriti

Tata Sponge sponsored various cultural activities in villages, which include Ho dance, Sankirtan and Jhumar, among local tribal youth.

Project Krida

Through this project we focussed on promoting sports in the schools or villages.

Towards a greener future

Although our capacity utilisation entails the risk of increasing our environmental footprint, our focus continues to be on efficient operations and resource optimisation. Given the nature of the sponge iron industry, we need to address key environmental issues. Our initiatives to manage these issues also help us improve our operational efficiency.

Energy and GHG emissions

Energy efficiency is one of the key parameters that determine our operational costs and our carbon emissions performance. With enhancing production volumes, we focus on two aspects of energy conservation. One, we try to bring down the overall energy consumption and two, we focus on reducing energy consumption in specific areas as well.

Improving energy efficiency and capacity addition

We have received relevant statutory clearances from the Ministry of Environment, Forest and Climate Change (MOEFCC) and State Pollution Control Board (SPCB), Odisha for the enhancement of sponge iron production from 4,25,000 TPA to 4,65,000 TPA without any public hearing.

Timely action in this regard has also helped us surpass our present rated capacity of 3,90,000 MT and produce 4,36,045 MT during the year. With this capacity addition,

we have also focussed on energy efficiency and optimisation of operations. This has been made possible by the adoption of several practices for operational excellence, such as the implementation of a dynamic model based on Artificial Intelligence developed by the Indian Institute of Technology, Bhubaneswar, uninterrupted injection of coal, hydraulically operated feed trays and automated online pressure control systems, among others.

Following growing production volumes, we have undertaken several steps to reduce our specific energy consumption levels, which include:

- Replacement of conventional lightings with LEDs
- Use of low-emissive castable to reduce kiln shell radiation loss
- Use of Variable Frequency Drives (VFDs)
- Use of char (waste material) to reduce coal consumption
- Use of energy-efficient appliances/equipment
- Use of high-speed fan at coal shed for coal drying
- Use of model-based operational research.

Waste management

Reduction of waste has direct implications on cost optimisation. At the same time, waste management helps us derive significant value. We have identified several opportunities in our operations for minimising and managing waste.

We have also conducted a third-party audit on hazardous wastes, the report for which has been submitted to the SPCB. We have also attained a revised hazardous waste authorisation for utilising the spent ion resin inside our sponge iron kiln for energy recovery.

For us, one of the major non-hazardous solid wastes is fly ash and we have attained clearance from the state authorities for reclamation of low-lying land. We are also constantly trying to find use for fly ash in various applications. As a part of this exercise, we have signed an Memorandum of Understanding (MoU) with the National Highway Authority of India (NHAI) to utilise 4 lakh MT of fly ash for the construction of NH-250.

Water conservation and management

Water is required at all crucial stages of our production process, be it for cooling of our kilns, for our captive power plants or for steam generation at our boiler plant. We constantly try to optimise the use of water and minimise water consumption. We take several steps to measure and manage water consumption in our plant as well as in our township.

We have developed a rainwater harvesting system in our township area, as well as in our plant. In addition, we have developed a 10,000 square metre area of rooftop rainwater harvesting.

Governance > **Risks and Opportunities**

Proactive risk management

We have put in place a robust risk management framework to identify, assess, monitor and mitigate various risks to our business.

This framework seeks to minimise adverse business impact and enhance competitive advantage. It also defines the risk management approach across the enterprise at various levels. Risk management and mitigation is integral to our business process and the Risk Management Committee of the Board reviews the process of risk management.

The Chief Risk Officer informs the Board on a periodic basis of all key risks and is guided by the Risk Management Committee (RMC). Risk ownership is shouldered by the respective departments.

Enterprise Risk Management framework

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

The 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
- Upgrading the ERM framework and its components regularly.

Our principal risks and mitigation measures

Principal risks	Context	Mitigation measures	Material issues
Price volatility	Rise in raw material costs due to geopolitical uncertainties may impact revenue base and impact profitability	- Diversifying our raw material sources and looking for integration opportunities - Enhancing operational efficiency to balance increase in raw material cost	Risk management
Compliance monitoring	Any non-compliance or unforeseen regulatory changes may impact the business significantly	- Monitoring the regulatory landscape and conforming to all regulatory norms	Business ethics and compliance
Industrial relation	Unmet employee expectations may lead to unrest	- Creating employee workforce - Enhancing employee engagement	Diversity and equal opportunities, employee recruitment, retention and development
Managing waste and by-products	Not using by-products judiciously and scarcity of disposal ground for solid wastes like fly ash may cause noncompliance and production disruptions	- Minimising waste at source by using raw material of improved quality - Finding alternative uses for wastes and by-products, for example, bricks made of fly ash or fly ash supply to cement plants	Environmental compliance
Safety incidents	Any incident or accident may impact or disrupt operations	- Taking safety measures and implementing safety management systems - Driving safety culture across the organisation	Health and safety

Governance > **Board Profiles**

Guided by an able leadership

N B

Mr. T.V. Narendran
Chairman, Additional Director (Non-independent, Non-executive)

A S

Mr. P. C. Parakh
Independent Director

A N B

Mr. Dipak Kumar Banerjee
Independent Director

N C

Mr. Manoj T. Thomas
Independent Director

A B

Dr. O.N. Mohanty
Independent Director

S C

Dr. Sougata Ray
Additional Director (Independent, Non-executive)

A N B

Mr. Koushik Chatterjee
Additional Director (Non-independent, Non-executive)

R

Mrs. Meena Lall
Non-executive Non-Independent Director

Mr. Ashish Anupam
Additional Director (Non-independent, Non-executive)

S C B R

Mr. Sanjay Kumar Pattnaik
Managing Director

BOARD COMMITTEES

- A Audit Committee
- N Nomination & Remuneration Committee
- S Stakeholders Relationship Committee
- C Corporate Social Responsibility Committee
- B Committee of Board
- R Risk Management Committee
- Chairman/Chairperson of Committee

COMPANY SECRETARY

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

Mr. T.V. Narendran

Chairman, Additional Director (Non-independent, Non-executive)

Mr. Narendran is the CEO & MD of Tata Steel Ltd. He has more than 30 years of experience in the metals and mining industry. His experience spans in many areas including Marketing & Sales, International Trade, Supply Chain, Planning, Operation & General Management, in India and abroad. He served as the President & CEO of NatSteel and was appointed as the MD of Tata Steel (India & South-East Asia) in November 2013. During his tenure, Tata Steel has successfully executed and commissioned one of the largest greenfield projects in India – the Kalinganagar Steel Plant in Odisha. He is a member of the Executive Committee of the World Steel Association. Besides this, he is associated with many industry and trade bodies.

Mr. P. C. Parakh

Independent Director

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. Dipak Kumar Banerjee

Independent Director

Mr. Banerjee has over 40 years of experience in working with esteemed organisations such as 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 Board of Tata Sponge as an Independent Director in 2003.

Mr. Manoj T. Thomas

Independent Director

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

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.

Dr. Sougata Ray

Additional Director (Independent, Non-executive)

Dr. Ray is a Professor of Strategic Management, Faculty Member on the Board of Governors and former Dean of the Indian Institute of Management Calcutta (IIMC) and a Visiting Professor and Member of Advisory Board of the Thomas Schmidheiny Centre for Family Enterprise of Indian School of Business (ISB), Hyderabad. He has been a leading consultant to many international development agencies and has been a frontline executive in a Maharatna state owned enterprise. He has taught in scores of executive education programmes and conducted many workshops exclusively for Entrepreneurs, Owner-managers and C-Level Executives across countries .

Mr. Koushik Chatterjee

Additional Director (Non-independent, Non-executive)

Born in 1968, Mr. Chatterjee is an Honors Graduate in Commerce from Calcutta University and a Fellow Member of the Institute of Chartered Accountants of India. He is currently the member of International Integrated Reporting Council, Insolvency and Bankruptcy Board of India, Global Task Force on Climate Related Financial Disclosures set up by the Financial Stability Board, Switzerland and a Director of World Steel Association. He is on the Boards of several Tata Steel Group companies and is the Executive Director and Chief Financial Officer of Tata Steel. Recently in March, 2019, he has also received the CFO Lifetime Achievement Award at the Financial Express CFO Awards 2019.

Mrs. Meena Lall

Non-executive Non-Independent Director

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 served as the Director of one of the subsidiaries of Tata Steel.

Mr. Ashish Anupam

Additional Director (Non-independent, Non-executive)

Mr. Anupam joined Tata Steel Limited at Jamshedpur in the year 1991 as a Graduate Trainee. Since then, he has worked in the areas of Rolling Mills, International Trading Division and Marketing & Sales for various products (Flat products, long products and tubes) in various capacities. In 2004, he was promoted as Chief - Marketing and Sales (Tubes). In 2010, he moved as Chief - Marketing & Sales (Long Products) and returned to the Tubes Division as Executive-in-Charge in 2013. Mr. Ashish Anupam, is serving as President & CEO, NatSteel Holdings Pte. Ltd, since July 15.

Mr. Sanjay Kumar Pattnaik

Managing Director

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 is associated with 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.

Outlook

Way forward

Our sponge iron business enables us to cater to the requirements of steel producers in select geographies. While growing our production and sales in the existing business, we have been consistently seeking opportunities for forward and backward integration. This would help us secure our raw material supplies and future-proof our business. We found significant synergies with the Tata Steel Group strategy to grow our presence in the long steel products segment. And this resulted in yet another milestone in our value-accretive growth journey.

A leap into the future

Tata Sponge has been evaluating various strategic options beyond the manufacturing of sponge iron, to enhance its product portfolio and has identified an entry into steel manufacturing in long products as a route to ensure sustainable long-term value creation for all its stakeholders. Besides the inherent synergistic and associated nature of the business, steel long products continue to see growing and robust demand in the Indian market, with potential for value accretion. As part of the larger Tata Steel group, Tata Sponge believes it would be able to leverage its brand and corporate identity to emerge as a leading player in this business with a premium positioning, leading technology, low cost structure and a presence across value-added and differentiated products.

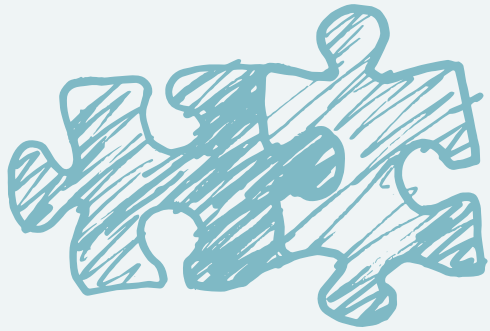
On October 24, 2018, the Board of Directors of your Company resolved to acquire the steel business undertaking of Usha Martin Limited ('UML'), which inter-alia comprises a specialised ~1.0 mtpa alloy-based manufacturing capacity in the long products segment based in Jamshedpur, a iron-ore producing mine, a coal mine under development and captive power plants. UML's steel business has the rich product mix of carbon steel and alloy steel which caters to automotive customers as well as produce high-end wire rods.

On April 09, 2019, the Company completed the acquisition of the steel business undertaking, including captive power plants and some other assets which comprise mines and certain land parcels of UML.

Optimistic outlook

On our way ahead, as we focus on long products, with an emphasis on special and alloy steels, we foresee significant downstream opportunities. This consolidation move will have multiple advantages for us. With the addition of the mines, our revenue base will be de-risked and we will be able to secure our raw materials' supply.

Opportunities associated with steel business undertaking



1. **Enhancing our product portfolio to long steel products**
2. **Broadening our revenue base**
3. **Achieving economies of scale**
4. **Deploying investible funds**

Prepared for the future

We have undertaken a slew of measures to ensure seamless integration of the steel business with the sponge iron business. Our integration measures range from technical integration and organisation restructuring to overall cultural integration. Carrying forward the legacy of the Tata group and high corporate governance standards, Tata Sponge is prepared for the new era of growth.

Directors' Report

Dear Members,

The Directors take pleasure in presenting the Integrated Report and Annual Accounts of the Company for the financial year ended March 31, 2019.

FINANCIAL RESULTS

Particulars		Standalone		Consolidated	
		FY 2018-19 (₹ lakhs)	FY 2017-18 (₹ lakhs)	FY 2018-19 (₹ lakhs)	FY 2017-18 (₹ lakhs)
(i)	Sales and other income	1,04,972	85,966	1,04,978	85,971
(ii)	Profit before interest, depreciation and taxes	20,237	22,574	20,242	22,576
	Less: Interest	302	325	302	325
	Profit /(loss) before depreciation and taxes	19,935	22,249	19,940	22,251
(iii)	Less: Depreciation and amortisation expenses	1,158	1,230	1,158	1,230
(iv)	Profit Before Taxes	18,777	21,018	18,782	21,021
(v)	Tax Expense	6,343	6,933	6,343	6,933
(vi)	Profit after tax	12,433	14,086	12,439	14,088

OPERATIONS

Sponge Iron

During the year (FY'19) the kilns made a record production of 4,36,045 MT (at 112 % of designed capacity) which is higher by 5% as compared to 4,17,094 MT of DRI production during the previous year (FY'18). 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 1,323 MT/day.

The sale of sponge iron was 4,37,331 MT which is higher by 6% as against the sale of 4,13,506 MT during previous year. The product dispatch through containerised rakes improved further to meet the customer requirement and contain cost.

Power

During the year, the total generation of power was 199.78 MKWH as compared to 199.24 MKWH during the previous year which is an increase of 0.27 % and export was 143.47 MKWH as compared to 143.63 MKWH during FY'18 which has decreased by 0.11 %.

MARKET

During FY'19 it was anticipated that steel industry would grow at 9% and similar growth was also anticipated in domestic steel consumption of bars & rods. Steel and cement industry had sustained growth trajectory because of growth in infrastructure and construction sector with a boosted Gross Value Added ("GVA") growth rate of 9.2% in comparison to last year. Manufacturing industrial production index during April, 2018 – January, 2019 was 4.4%.

Demand of long product remained subdued in later part of the financial year due to crisis in Non-Banking Financial Company ("NBFC") and real estate sector, inventory of unsold properties has increased resulting in drop of new launches. This has resulted in poor offtake of Thermo Mechanical Treatment ("TMT") bars. It is anticipated that the markets are going to recover in FY'20, as Government spend on infrastructure and construction sectors will continue to increase.

UPDATE ON RADHIKAPUR COAL BLOCK

In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Company for invocation of bank guarantee of ₹3,250 lakhs submitted towards performance of conditions for allocation of coal block against which the Company had filed a writ petition in the Hon'ble High Court of Delhi, which directed the Company to keep the bank guarantee valid till November 30, 2015 by which date the MoC was directed to take decision. Meanwhile, the bank guarantee expired and had not been renewed, since no communication had been received from MoC. Subsequently, MoC issued a notice dated December 28, 2015, stating that the bank guarantee be invoked and the aforesaid amount be deposited. Consequent to MoC's notice, the Company has moved to the Hon'ble High Court of Delhi, where the matter is pending adjudication. The Company has been advised and has obtained a legal opinion that as the original allocation has been declared illegal and cancelled by the Hon'ble Supreme Court, the bank guarantee pertaining to such allocation (which is non-est and void ab initio) shall consequently be deemed to be invalid and void

ab initio. Pending finalisation of the matter, the amount continues to be disclosed as a contingent liability.

During pendency of the aforesaid matters in Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India vide its order dated September 24, 2014 had cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on February 07, 2006. The amount incurred on the Radhikapur (East) Coal Block upto March 31, 2019 aggregates to ₹18,040.96 lakhs (March 31, 2018: ₹18,040.96 lakhs).

Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India had 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 March 09, 2017 of the Hon'ble High Court of Delhi in W.P (c) 973/2015, the directives of MoC vide its letter dated February 01, 2018 and as per the details prescribed by the Nominated Authority, the Company has furnished the required statement of expenses and other details in the prescribed format on February 22, 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.

DIVIDEND

The Board of Directors' of the Company has recommended a dividend of ₹12.50 per share (i.e. 125 %) on 1,54,00,000 equity shares of ₹10 each for the financial year ended March 31, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting. The total outgo on account of dividend (ex-taxes) will be ₹1,925/- lakhs, resulting in a payout of 15.48 % of the profit after tax of the Company.

The Register of Members and Share Transfer Books of the Company will be closed from Monday, July 08, 2019 to Monday, July 15, 2019 (both days inclusive) for the purpose of Annual General Meeting and dividend for the financial year 2018-19.

TRANSFER TO RESERVES

The Directors do not propose to transfer any amount to the general reserve.

CHANGES IN SHARE CAPITAL

Authorised Share Capital

During the year, your Company has increased its authorised share capital from 2,500 lakhs to 2,07,500 lakhs comprising of Equity Share Capital of ₹7,500 lakhs and Preference Share Capital of ₹2,00,000 lakhs.

Other than stated above, there was no change in the share capital of the Company during the financial year.

CREDIT RATING

Your Company enjoys a sound reputation for its prudent financial management and its ability to meet financial obligations. The details of Credit Rating forms part of the Corporate Governance Report.

INTEGRATED REPORT

Your Company has transitioned from compliance based reporting to governance based reporting and adopted the framework developed by the International Integrated Reporting Council.

In continuation with our efforts towards enhancing stakeholder value, we are happy to present to you our first Integrated Report which endeavours to articulate the measures undertaken by the Company.

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 the 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 an **Annexure A**.

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

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 of the Company on a regular basis.

LISTING FEES

The Annual Listing Fee for the year 2019-20 has been paid to the Stock Exchanges where the Company's shares are listed.

CORPORATE SUSTAINABILITY

Our commitment to sustainability is anchored firmly in Tata group's ethos and values, which have been revitalised with a concerted focus on the 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 focused on the key sustainability drivers and aspires to enhance them in future.

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')

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year under review are set out in **Annexure B** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which is a part of this report. The CSR policy is available on the website of the Company at www.tatasponge.com. During the year, the Company has spent ₹236.25 lakhs on CSR activities.

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 Internal Complaint Committees for various locations of the Company in compliance with the above mentioned Act and Rules. During the financial year 2018-19, 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 at 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 "CII-best practices in health, safety and Environment" 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 "5-star rating" from State Pollution Control Board for achieving and maintaining the best pollution control standards.

Over the years, the Company has been setting benchmarks in its industry vertical in achieving 100% compliance and getting all the clearances e.g. Consent to Establish and Consent to Operate for enhancement in production from 4,25,000 TPA to 4,65,000 TPA, producing power from waste heat in its twin captive power plants, keeping emissions well under prescribed norms and becoming a zero – effluent discharge Company.

PARTICULARS OF EMPLOYEES

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 as an **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) 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 as an **Annexure D(ii)**.

CORPORATE GOVERNANCE

Your Company 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 maximise shareholder value and protect the interest of other stakeholders.

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

BOARD MEETINGS/ BOARD COMMITTEE MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors. During the year ten (10) meetings of Board and five (5) 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 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. All recommendations made by the Audit Committee were accepted by the Board during the financial year 2018-19. 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.

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, participate 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 30, 2019, inter alia, to:

a) Review the performance of Non-Independent Directors and the Board of Directors as a whole;

b) Review the performance of the Chairman of the Company, taking into account the views of the Executive and Non- Executive Directors.

c) Assess the quality, content and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at this meeting.

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

INDEPENDENT DIRECTORS' DECLARATION

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.

APPOINTMENT AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

Your Company has a well-defined policy for appointment of Directors, Key Managerial Personnel (KMP) and Senior Management including their remuneration. The Nomination and Remuneration Committee (NRC) functions in consultation with the Board and follows the guidelines of this policy in letter and spirit while selecting candidate(s) for appointment of Director(s) and/ or KMP(s). The NRC recommends to the Board suitable candidates, based on their qualifications, positive attributes and experiences for Board Membership. The Company's policy on Directors, Key Managerial Personnel and Senior Management Employees and remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on the website of the Company www.tatasponge.com.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The details of the familiarisation programmes for Independent Directors are provided in the Corporate Governance Report, annexed herewith, and the policy as adopted by the Company can be accessed at www.tatasponge.com.

BOARD DIVERSITY

The Company recognises and embraces the importance of a diverse Board in its success. The Company believes that a truly diverse Board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help the Company to retain its competitive advantage.

DIRECTOR(S)

During the year under review, the following changes took place in the Board of Directors of the Company:

Inductions

The Board of Directors of your Company, based on the recommendation of Nomination and Remuneration Committee

("NRC"), approved the following appointments on the Board of the Company:

1. Appointment of Mr. T.V. Narendran (DIN: 03083605), as an Additional (Non-Executive, Non-Independent) Director w.e.f., January 12, 2019. The Board also appointed Mr. T. V. Narendran as Chairman of the Company w.e.f., January 12, 2019.
2. Appointment of Mr. Koushik Chatterjee (DIN: 00004989), as an Additional (Non-Executive, Non-Independent) Director of the Company w.e.f., January 12, 2019.
3. Appointment of Dr. Sougata Ray (DIN: 00134136), as an Additional (Non-Executive, Independent) Director of the Company w.e.f., January 12, 2019.
4. Appointment of Mr. Bimlendra Jha (DIN: 02170280), as an Additional (Non-Executive, Non-Independent) Director of the Company w.e.f., January 12, 2019.
5. Appointment of Mr. Ashish Anupam (DIN: 08384201) as an Additional (Non-Executive, Non-Independent) Director w.e.f. March 14, 2019.

The resolution for confirming the above appointment(s), except Mr. Bimlendra Jha (DIN: 02170280) who stepped down from the Board w.e.f. February 07, 2019, forms part of the Notice convening the Annual General Meeting ('AGM') scheduled to be held on July 15, 2019.

The profile and particulars of experience, attributes and skills that qualify the above Directors for the Board membership are disclosed in the Notice convening the AGM to be held on July 15, 2019.

Re-Appointment

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs. Meena Lall (DIN: 05133322) (Non-Executive Non-Independent Director), retires by rotation at the ensuing Annual General Meeting of the Company and, being eligible, offers herself for re-appointment.

The profile and particulars of experience, attributes and skills that qualify Mrs. Meena Lall (DIN: 05133322) for the Board membership are disclosed in the Notice convening the AGM to be held on July 15, 2019.

Cessations

During the year, Mr. Krishnava Dutt (DIN: 02792753), Independent Director, stepped down from the Board of the Company with effect from October 11, 2018, owing to his other personal commitments. There were no other material reasons for Mr. Dutt's resignation, other than the reason stated.

Mr. A.M. Misra (DIN: 01477289), stepped down as Chairman and Director of the Company w.e.f. January 12, 2019, owing to his other engagements.

Mr. R. Ranganath (DIN: 06725337), stepped down as Director of the Company w.e.f., January 12, 2019, owing to his other engagements.

Mr. Bimlendra Jha (DIN: 02170280), Additional (Non-Executive, Non-Independent) Director of the Company, stepped down from the Board w.e.f. February 07, 2019, owing to his other engagements.

The Board places on record its appreciation for their invaluable contribution and guidance.

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.

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 2018-19.

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 2018-19 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.

GOVERNANCE GUIDELINES

The Company's governance guidelines on Board effectiveness cover aspects relating to composition and role of the Board, Chairman and Directors, Board diversity, term of Directors, retirement age and committees of the Board. The guidelines also cover key aspects relating to nomination, appointment, induction and development of Directors, Directors remuneration, oversight on subsidiary performances, code of conduct, Board effectiveness reviews and various mandates of Board Committees.

AUDIT COMMITTEE

The Audit Committee is duly constituted as per the provisions of the Companies Act, 2013, applicable Rules framed thereunder read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The primary objective of the Committee is monitoring and supervising the Management's financial reporting process to ensure accurate and timely disclosures with highest levels of transparency, integrity and quality of financial reporting. During the financial year, there has been no instance where the Board has not accepted any recommendation of the Committee.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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 attached herewith as **Annexure E**.

The policy on Related Party Transactions as approved by the Board is displayed on the website of the Company at 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.

AUDITORS

(a) Statutory Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, Messrs. Price Waterhouse & Co Chartered Accountants LLP (Firm Registration Number: 304026E/E-300009), 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 ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been 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 ('the Act') read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the Company is required to maintain cost records and have the audit of its cost records conducted by a Cost Accountant. Cost records are made and maintained by the Company as required under Section 148 (1) of the Act. 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 records of the Company for the financial year 2019-20. As required under the Companies Act, 2013, a resolution seeking member's approval for the ratification of remuneration payable to the Cost Auditor forms part of the Notice convening the ensuing Annual General Meeting of the Company.

(c) Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration) Rules, 2014, the Company has appointed Messrs. S. M. Gupta & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company for the financial year 2019-20. During the year, the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

The Secretarial Audit Report for the financial year 2018-19 is annexed herewith as **Annexure F**.

COMMENTS ON STATUTORY AUDITORS' REPORT/ 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 during the year under review.

EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is enclosed as **Annexure G** and can be accessed in 'Investors' section of the Company's website 'www.tatasponge.com'.

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 minimise 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 which forms part of the Board's Report. The development and implementation of risk management policy has been covered in the Management Discussion and Analysis, which forms part of this 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

Acquisition of Steel business undertaking of Usha Martin Limited

The Board of Directors of the Company at their meeting held on October 24, 2018 had approved the acquisition of steel business undertaking of Usha Martin Limited through slump sale on a going concern basis.

Further, the Company, on April 09, 2019, completed the acquisition of steel business undertaking including captive power plants pursuant to a cash consideration (after adjustment for negative working capital and debt like items) payable to Usha Martin Limited of ₹4,09,400 lakhs, subject to further hold backs of ₹64,000 lakhs, pending transfer of some of the assets including mines and certain land parcels.

AWARDS

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

(i) Kalinga Safety Award;
(ii) Industry Leader Recognition to Tata Sponge in TBEM;
(iii) IIM National Quality Award;
(iv) CII SHE Award;
(v) CMO Asia's 8th Best CSR Practices Award;
(vi) TBExG Recognition for Affirmative Action;
(vii) CII Productivity Award.

DEPOSITS

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

INDUSTRIAL RELATIONS

During the year under review, industrial relations remained harmonious and cordial.

ACKNOWLEDGEMENT

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

Cautionary Statement: Statement in the Directors' Report and Management Discussion & Analysis Report describing the Company's expectations may be forward-looking within the meaning of applicable securities laws and regulations. Actual results may vary materially from those expressed in the statement. Important factors that could influence the Company's operation include global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their costs, changes in government policies and tax laws, economic development of the country and such other factors which are material to the business of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

On behalf of the Board of Directors

T.V. Narendran
Chairman
(DIN: 03083605)

Mumbai
April 18, 2019

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

(₹ in lakhs)

Sl. No.	Particulars	Details
1.	Date of becoming Subsidiary	November 20, 2012
2.	Start date of accounting period of subsidiary	April 01, 2018
3.	End date of accounting period of subsidiary	March 31, 2019
4.	Country	India
5.	Name of the subsidiary	TSIL Energy Limited
6.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A
7.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR (Indian Rupees)
8.	Share capital	106.01
9.	Reserves & surplus	15.51
10.	Total assets	122.45
11.	Total Liabilities	0.93
12.	Investments	121.14
13.	Turnover	-
14.	Profit before taxation	5.51
15.	Provision for taxation	-
16.	Profit after taxation	5.51
17.	Proposed Dividend	NA
18.	% of shareholding	100%

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 Ventures

The Company has no associate and joint venture as at March 31, 2019.

For and on behalf of the Board of Directors

T.V. Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

Mumbai
April 18, 2019

Annexure - B

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 programs:

In line with the ethos of the Tata Group, 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 investors >corporate governance section).

2. Composition of CSR Committee:

Dr. Sougata Ray* - Non-executive, Independent - Chairman

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

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

* Dr. Sougata Ray was appointed on the Board of Directors of the Company w.e.f January 12, 2019 and was subsequently appointed as Chairman of the CSR Committee w.e.f. January 29, 2019.
Mr. R. Ranganath was the chairman of the CSR Committee from April 01, 2018 to January 12, 2019.

3. Average net profit of the company for last three financial years:

The average net profit for the past 3 financial years is ₹11,172.12 lakhs.

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

As per the prescribed CSR expenditure, the 2% of the above works out to be ₹223.44 lakhs.

CSR spend during the financial year 2018-19 was ₹236.25 lakhs which is over and above the approved budget of ₹223.44 lakhs. The Company has received the subsidy of ₹15.24 lakhs from Department of Rural Development, Govt. of Odisha, under Swatch Baharat Mission, towards construction of toilets and bathrooms to be utilised in subsequent financial years.

5. Details of CSR spent during the financial year.

(a) Total amount spent during the financial year: ₹236.25 lakhs
(b) Amount unspent, if any: Fully spent
(c) Manner in which the amount spent during the financial year is detailed below.

Sl. No.	Sub No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise (₹ in Lakh)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ in lakhs)	Cumulative expenditure upto the reporting period (₹ 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 Birikala Panchayat. 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	42.79	199.24	Gram Vikas, Bhubaneswar

Annexure - B

2	Project: **"Jal Dhara":**						
	2.1 Drinking water supply Implementation period : 5 years i.e. *FY'15 to FY' 19)*	Safe Drinking water	Local Area: Birikala, Anseikala, Deojhar, Chamakpur & Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	150.00	25.95	149.95	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, Chamakpur & Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	44.02	3.48	22.95	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 11 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	250.00	9.69	226.35	Direct
	3.2 Primary School Learning Centre (PLC) at various primary schools in 5 GPs Implementation period : 3 years - *FY'19 to FY' 21*	Promoting Education	Local Area: Birikala, Anseikala, Deojhar, Chamakpur and Kandara Gram Panchayat of Joda Block, Dist-Keonjhar, Odisha	10.00	1.97	1.97	VSN, Charitable Trust, Tata Sponge, Odisha
4	Project: **"Vidyarthi":**						
	4.1 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: Keonjhar district in Odisha	45.00	11.77	43.64	Direct
	4.2 Training of teachers on interactive learning and Discovering Science Implementation Period : 6 years i.e. *FY'15 to FY' 20)*	Promoting Education	5 GPs in Joda Block of Keonjhar district, Odisha	5.00	0.00	1.14	Direct
	4.3 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	50.00	20.91	50.34	Direct
	4.4 Pre-matric coaching class (Standards IX & X) for students in 5 GPs, as the educational standards of high schools childrens are not upto the mark. Implementation period : 3 years - *FY'19 to FY' 21*	Promoting Education	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha	20.00	4.93	4.93	VSN, Charitable Trust, Tata Sponge, Odisha

Annexure - B

	4.5 School enrollment & Child labour eradication at RBC Implementation period : 3 years - *FY'19 to FY' 21*	Promoting Education	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha	5.00	0.90	0.90	Tata Steel and ASPIRE
5	Project: **"Protsahan":**						
	5.1 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	3.92	12.23	Direct
6	Project: **"Krida":**						
	6.1 Organising and 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	50.00	37.22	42.02	Direct
7	Project: **"Ama Sanskriti":**						
	7.1 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	20.00	9.05	18.43	Direct
8	Project: **"Sakshyam":**						
	8.1 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	25.00	4.91	25.09	Direct
	8.2 Training for SHGs on Livelihood programmes and facilitation for the same Implementation period : 3 years - *FY'19 to FY' 21*	Livelihood Enhance-ment	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha	10.00	1.16	1.16	Direct & Central Board for Workers Education
	8.3 Agriculture project – Project Wadi & Hariyali, primarily to convert unused land into mango orchards and fertile agricultural fields, by adopting modern ways of agriculture Implementation period : 3 years - *FY'19 to FY' 21*	Livelihood Enhance-ment	Local Area: Anseikala, Birikala, Chamakpur, Kandara, Deojhar GP in Joda Block of Keonjhar district, Odisha	50.00	34.51	34.51	AiDENT, Jamshedpur

Annexure - B

9	Project: **"Prakriti":**						
9.1	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	3.44	45.62	Direct
9.2	Construction of Pump house in Mango plantation area Implementation period : 2 years - *FY'19 to FY' 20*	Environmental Sustainability	Local Area: Chamakpur GP in Joda Block of Keonjhar district and Chendipada of Angul district of Odisha	15.00	4.18	4.18	Direct
9.3	Reclamation of land & Cleaning of village ponds Implementation Period :	Environmental Sustainability	Local Area: Joda Block, Keonjhar District	35.00	0.65	15.66	Direct
10	Project: **"Touching the lives":**						
10.1	"Jaagruti": Swachh Bharat Abhiyan, School enrollment & Child labour eradication Campaign, Environment protection, HIV/AIDS prevention, Road safety, TVW, Tata Sustainability Month Prog; Immunisation 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	1.00	15.21	Direct
11	Project: **"Upakaran":**						
11.1	Providing peripherals for the promotion of Education Implementation Period : *FY'18 to FY19*	Promoting Education	Local area: Birikala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	4.00	1.28	4.63	Direct
12	Project: **"Upachar":**						
12.1	Conducting health camps, Eye cure camps etc. Implementation period : 3 years - *FY'19 to FY' 21*	Preventive healthcare & sanitation	Local area: Birikala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	15.00	4.58	5.86	Direct
13	Project: **"Prabhav":**						
13.1	Affirmative Action ("AA") & Miscellanous / Baseline survey / Impact Assessment Implementation Period : *FY'19*	Rural Development	Local area: Birikala Deojhar, Anseikala, Kandara & Chamakpur Gram Panchayat, Block-Joda, Dist-Keonjhar, Odisha	10.00	7.96	7.96	Tata Business Excellence Group
		Total Program Expenditure		**1527.12**	**236.25**	**933.97**	

*__Note:__ As mentioned above, years of completion for various Projects/Programs/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 organisation, with the administrative office at Bhubaneswar, is a NGO that works very closely with Government, Corporate and communities on the issue of water and sanitation. Gram Vikas is engaged by Tata Sponge for implementing project Swabhiman that comprise of toilet, bathroom and water connectivity to ~1100 families living in 5 surrounding villages of the company.

ii. AiDENT, another national level NGO headquartered in Delhi, works primarily in the field of Health, Education, Sanitation, livelihood and Women Empowerment. Over their existence of 15 years, it has touched the lives of more than 3 millions of people. It has been involved in driving the Agricultural project (Project Hariyali) to provide direct & indirect livelihood to the families in Village, Ramchandrapur.

iii. Vidya Shakti Niyas (VSN) : A non-dependent, charitable Trust formed by the spouses of Tata Sponge employees, for the upliftment of unprivileged people in and around nearby villages, and in particular, for the inclusive growth of women & children. They have been particularly involved in the fields of education, livelihood programs, health and sanitation.

iv. ASPIRE : A society for promotion of inclusive and relevant education, with an objective to demonstrate a sustainable and scalable model of school reforms and achieve a critical mass to initiate systemic change in the education landscape of India. ASPIRE has partnered with Tata Steel in its mission to provide education to the less privileged children, by providing them age appropriate education in a residential environment and mainstreaming them.

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board:

Not Applicable.

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

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

Mumbai
April 18, 2019

Sougata Ray
Chairman- CSR Committee
DIN: 00134136

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

Annexure - C

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

(A) Conservation of Energy

i. Steps taken to improve energy efficiency:

- Use of modern maintenance practices for improving equipment availability.
- Use of Model based operational approach using modern tools & technique such as Artificial Neural Network, Multi Linear Regression, Non-Linear Regression, etc.
- Regularly monitoring & analyzing energy consumption data at Senior management level.

ii. Steps taken to reduce specific energy consumption:

- Replacement of Conventional Lightings with LEDs (Street light, Office and Conveyors);
- Use of low emissive castable to reduce kiln shell radiation loss;
- Variable Frequency Drive for Post Combustion Chamber of Kiln-2;
- Use of char (waste material) to reduce coal consumption;
- Use of energy efficient appliances/ equipment;
- Use of high-speed fan at coal shed for coal drying.

B) Technology Absorption:

i. Efforts in brief, made towards technology absorption in Financial Year 2018-19 – NIL

ii. Benefit derived like product improvement, cost reduction, product development, import substitution etc.: Not Applicable

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.

iv. Expenditure incurred on Research and Development : ₹11.70 lakhs

C) Foreign Exchange Earnings and Outgo:

The details of foreign exchange earnings and outgo are as follows:
Earnings: NIL
Outgo: ₹32,154.25 lakhs

Mumbai
April 18, 2019

On behalf of the Board of Directors

T.V. Narendran
Chairman
DIN: 03083605

Annexure - D(i)

PARTICULARS OF REMUNERATION

PART A: INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 [READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014]

Statement pursuant to Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. **Median remuneration of all the employees of the Company for the Financial Year 2018-19:** ₹ 5,63,274
2. **The percentage increase in the median remuneration of employees in the Financial Year 2018-19:** 7.06 %
3. **The number of permanent employees on the rolls of Company as on March 31, 2019:** 385
4. **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19:**

Sl. No.	Name of the Director	Designation/Category	Ratio of remuneration of each director to the median remuneration of employees
1	Mr. T.V. Narendran [1] *	Chairman (Non-executive & Non-Independent)	NA
2	Mr. Dipak Kumar Banerjee	Non-executive & Independent	1.79
3	Mr. Prakash Chandra Parakh	Non-executive & Independent	2.12
4	Mr. Manoj T. Thomas	Non-executive & Independent	1.96
5	Dr. Omkar Nath Mohanty	Non-executive & Independent	1.81
6	Dr. Sougata Ray [1]	Non-executive & Independent	0.51
7	Mr. Koushik Chatterjee[1]*	Non-executive & Non-Independent	NA
8	Mrs. Meena Lall*	Non-executive & Non-Independent	NA
9	Mr. Ashish Anupam [5] *	Non-executive & Non-Independent	NA
10	Mr. Sanjay Kumar Pattnaik	Managing Director (Executive & Non-Independent)	NA
11	Mr. R. Ranganath*[2]	Non-executive & Non-Independent	NA
12	Mr. A.M. Misra [2]	Non-executive & Non-Independent	2.09
13	Mr. Krishnava S. Dutt [3]	Non-executive & Independent	0.37
14	Mr. Bimlendra Jha[1,4]*	Non-executive & Non-Independent	NA

5. **The percentage increase in remuneration of each Director:**

(₹ in lakhs)

Sl. No.	Name of the Director	Designation/Category	Current Year 2018-19	Previous Year 2017-18	Difference	% of Increase/ Decrease)
A	**Commission**					
1	Mr. T.V. Narendran [1] *	Chairman (Non-executive & Non-Independent)	-	NA	NA	NA
2	Mr. Dipak Kumar Banerjee	Non-executive & Independent	6.12	5.65	0.47	8.32
3	Mr. Prakash Chandra Parakh	Non-executive & Independent	7.82	8.70	(0.88)	(10.11)
4	Mr. Manoj T. Thomas	Non-executive & Independent	7.14	6.09	1.05	17.24
5	Dr. Omkar Nath Mohanty	Non-executive & Independent	6.12	6.52	(0.40)	(6.13)
6	Dr. Sougata Ray [1]	Non-executive & Independent	2.04	NA	2.04	NA
7	Mr. Koushik Chatterjee[1]*	Non-executive & Non-Independent	-	NA	NA	NA
8	Mrs. Meena Lall*	Non-executive & Non-Independent	-	-	NA	NA
9	Mr. Ashish Anupam [5] *	Non-executive & Non-Independent	-	NA	NA	NA
10	Mr. R. Ranganath*[2]	Non-executive & Non-Independent	-	-	NA	NA
11	Mr. A.M. Misra[2]	Non-executive & Non-Independent	8.50	7.83	0.67	8.56
12	Mr. Krishnava S. Dutt [3]	Non-executive & Independent	1.36	2.61	(1.25)	(47.89)
13	Mr. Bimlendra Jha[1,4]*	Non-executive & Non-Independent	-	NA	NA	NA

Annexure - D(i)

B Sitting Fees

(₹ in lakhs)

Sl. No.	Name of the Director	Designation/Category	Current Year 2018-19	Previous Year 2017-18	Difference	% of Increase/ Decrease)
A	**Commission**					
1	Mr. T.V. Narendran [1] *	Chairman (Non-executive & Non-Independent)	-	NA	NA	NA
2	Mr. Dipak Kumar Banerjee	Non-executive & Independent	3.95	2.85	1.10	38.60
3	Mr. Prakash Chandra Parakh	Non-executive & Independent	4.10	3.10	1.00	32.26
4	Mr. Manoj T. Thomas	Non-executive & Independent	3.90	2.70	1.20	44.44
5	Dr. Omkar Nath Mohanty	Non-executive & Independent	4.10	3.30	0.80	24.24
6	Dr. Sougata Ray [1]	Non-executive & Independent	0.85	-	0.85	NA
7	Mr. Koushik Chatterjee[1]*	Non-executive & Non-Independent	-	NA	NA	NA
8	Mrs. Meena Lall*	Non-executive & Non-Independent	-	NA	NA	NA
9	Mr. Ashish Anupam [5] *	Non-executive & Non-Independent	-	NA	NA	NA
10	Mr. R. Ranganath*[2]	Non-executive & Non-Independent	-	NA	NA	NA
11	Mr. A.M. Misra[2]	Non-executive & Non-Independent	3.25	2.30	0.95	41.30
12	Mr. Krishnava S. Dutt [3]	Non-executive & Independent	0.70	1.15	(0.45)	(39.13)
13	Mr. Bimlendra Jha[1,4]*	Non-executive & Non-Independent	-	NA	NA	NA

Notes:

* In line with the internal guidelines of the Company, no payment is made towards commission to the Non-executive Directors of the Company, who are in full-time employment with any other Tata company.

[1] Appointed with effect from January 12, 2019
[2] Resigned with effect from January 12, 2019
[3] Resigned with effect from October 11, 2018
[4] Resigned with effect from February 07, 2019
[5] Appointed with effect from March 14, 2019

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

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

(₹ in lakhs)

Sl. No.	Name of the Director	Designation	Current Year 2018-19	Previous Year 2017-18	Difference	% of Increase
1	Mr. Sanjay Kumar Pattnaik	Managing Director	352.78	201.77	151.01	74.84
2	Mr. S K Mishra	Chief Financial Officer	68.38	62.18	6.2	9.97
3	Mr. Sanjay Kasture	Chief Risk & Compliance Officer and Company Secretary	28.93	25.18	3.75	14.89

Note: Long Term Incentive Plan ("LTIP") provision of FY'16, FY'17, FY'18, FY'19 of MD for ₹133.49 lakhs has been considered in FY'19

7. 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 the remuneration is approximately 11.25 %
Increase/(Decrease) in the managerial remuneration for the year: 55.67 %
*Note:- LTIP provision of FY'16, FY'17, FY'18, FY'19 of MD for ₹133.49 lakhs has been considered in FY'19

8. 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)

Part B: Statement of Disclosure Pursuant to Section 197 of Companies Act, 2013

[Read with Rules 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

A. Remuneration drawn by top 10 employees of the Company, during the Financial Year 2018-19:

Sl. No.	Name of Employee	Designation	Remuneration (₹ in lakhs)	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Previous Employment and designation
1.	Mr. Sanjay Kumar Pattnaik	Managing Director	352.78	Contractual	B.E.(Mining Engineering) 36 Years	01.10.2016	Executive Director-Tata Sponge Iron Limited
2.	Mr. Ujjwal Chatterjee	Chief Business Development Officer	74.92	Permanent	B.E.(Mechanical Engineering) 34 Years	29.11.2006	General Manager(Plant & Machinery), Reliance Industries
3.	Mr. Partha Chattopadhyay	Chief Operating Officer	74.25	Permanent	B.E.(Electrical Engineering) 36 Years	20.07.2010	Executive Incharge (REDI-SBU), Tata Metaliks
4.	Mr. S.K. Mishra	Chief Financial Officer	68.38	Permanent	I.C.W.A., LLB 31 Years	01.01.1988	-
5.	Mr. M.K. Sheshadri	Chief Marketing & Sales	53.16	Permanent	M.Tech 34 Years	06.07.1998	Chief Manager Bihar Sponge
6.	Mr. R.N. Panda	Chief – Finance & Accounts	50.28	Permanent	C.A., MBA 24 Years	02.02.2013	GM (F&A), Utkal Alumina International Ltd.
7.	Mr. R.K. Manchanda	Chief – Maintenance	47.53	Permanent	B.Sc.(Electrical Engineering) 31 Years	02.09.1996	Manager (Instrumentation) Bihar Sponge
8.	Mr. Kundan Kumar	Chief – Raw Material Strategy Task Force	44.67	Permanent	B.Sc(Mining Engineering) 19 Years	22.03.2011	AGM (Mining) Vandana Global
9.	Mr. B Mohan Rao	Chief - Project & Steel Business	41.06	Permanent	B.E.(Electrical Engineering) 29 Years	29.01.1990	Lecturer, Orissa Engineering College Bhubaneswar
10.	Mr. R. Somnath	Chief – Sustainability, Strategy and Business Excellence	39.74	Permanent	MBA 36 Years	01.03.1983	-

B. Names of employees who are in receipt of aggregate remuneration not less than rupees one crore and twenty lakhs during the financial year 2018-19

Sl. No.	Name of Employee	Designation	Remuneration (₹ in lakhs)	Nature of Employment	Qualification & Experience	Date of Commencement of Employment	Previous Employment and designation
1.	Mr. Sanjay Kumar Pattnaik	Managing Director	352.78	Contractual	B.E.(Mining Engineering)	01.11.2016	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

T.V. Narendran
Chairman
DIN: 03083605

Mumbai
April 18, 2019

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 2018-19.

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

T.V. Narendran
Chairman
DIN: 03083605

Mumbai
April 18, 2019

Annexure - F

Form No. MR-3

SECRETARIAL AUDIT REPORT

For the financial year ended March 31, 2019

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

To,
The Members,
TATA SPONGE IRON LIMITED
P.O Joda, Keonjhar
Odisha-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 authorised 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 31.03.2019 generally complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by TATA SPONGE IRON LIMITED for the financial year ended on 31.03.2019 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 except as reported herebelow.
    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 authorised 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 ₹3,250 lakhs submitted towards performance of conditions for allocation of coal block against which the Company had filed a writ petition in the Hon'ble High Court of Delhi, which directed the Company to keep the bank guarantee valid till 30 November, 2015 by which date the MoC was directed to take decision. Meanwhile, the bank guarantee expired and had not been renewed, since no communication had been received from MoC. Subsequently, MoC issued a notice dated 28 December, 2015, stating that the bank guarantee be invoked and the aforesaid amount be deposited. Consequent to MoC's notice, the Company has moved to the Hon'ble High Court of Delhi, where the matter is pending adjudication. The Company has been advised and has obtained a legal opinion that as the original allocation has been declared illegal and cancelled by the Hon'ble Supreme Court, the bank guarantee pertaining to such allocation (which is non-est and void ab initio) shall consequently be deemed to be invalid and void ab initio. Pending finalisation of the matter, the amount continues to be disclosed as a contingent liability.

B. (i) During pendency of the aforesaid matters in Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India vide its order dated 24 September, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on 7 February, 2006. The amount incurred on the Radhikapur (East) Coal Block upto 31st March, 2019 aggregates to ₹18,040.96 lakhs (31 March, 2018 : ₹18,040.96 lakhs).

Annexure - F

(ii) Pursuant to the Judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said rules, the successful bidder will be called upon to pay to the prior allocatee the expenses incurred by the prior allocatee towards land and mine infrastructure. Pursuant to the Judgment dated 9th March, 2017 of the Hon'ble High Court of Delhi in WP (c) 973/2015, the Directive of MoC vide its letter dated 1st Feb, 2018 and as per details prescribed by Nominated Authority, the Company has furnished the required statement of expenses and other details in the prescribed format on 22nd 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.

We further report that:-

a) The Board of Directors at its meeting held on October 24, 2018, approved the acquisition of steel business undertaking of Usha Martin Limited through a slump sale on a going concern basis. Thereafter in a filing to the Stock Exchanges on 9th April, 2019, the Company informed that it has completed the acquisition of steel business of Usha Martin Limited including captive power plants pursuant to a cash consideration (after adjustment for negative working capital and debt like items) payable to UML of ₹4,094 crores which is subject to further holdbacks of ₹640 crores pending transfer of some of the assets including mines and certain land parcels.

b) During the year, Ministry of Environment, Forest and Climate change (MoEFCC) decided to accord environmental clearance to the Company for the enhancement of DRI production from 4,25,000 TPA to 4,65,000 TPA in the Company's existing facility subject to certain conditions.

c) In the Extra-Ordinary General Meeting of the Company held on 14.12.2018, following decisions were inter-alia taken and approved by the shareholders:-

1. Increase in borrowing limits of the Company upto a sum of ₹5,000 crores;
2. Creation of Charges to secure the above loans upto an aggregate amount of ₹5,000 crores;
3. Increase in the Authorised Share Capital of the Company from ₹25 crores to ₹2,075 crores comprising of Equity Share Capital of ₹75 crores and Preference Share Capital of ₹2,000 crores and consequent amendment of Capital Clause in the Memorandum and Articles of Association of the Company;
4. Issue, offer and allotment of 11.30% Non-convertible Redeemable Preference Shares on private placement basis to Tata Steel Ltd (Promoter of the Company) for an amount not exceeding ₹1,000 crores on the terms and conditions set out in the Explanatory Statement of Notice of Extra-ordinary General Meeting;

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

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

Kolkata
April 18, 2019
Encl: Annexure 'A'

Annexure - A

The Members,
TATA SPONGE IRON LIMITED
P.O Joda, Keonjhar
Odisha-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 company.

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

Kolkata
April 18, 2019

Annexure - G

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on March 31, 2019

[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	94.63%

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	54.50%	2(46)
2	TSIL Energy Limited	Tata Sponge Administrative Building, Bileipada, P.O. - Baneikala, Joda, Odisha – 758038	U40109OR2012PLC016232	Subsidiary	100%	2(87)(ii)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year as on April 01, 2018				No. of Shares held at the end of the year as on March 31, 2019				% Change during the year
	Demat	Physical	Total	% of total Shares	Demat	Physical	Total	% of total Shares	
A. Promoters and Promoter Group									
(1) Indian									
(a) Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b) Central Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c) Bodies Corporate	83,93,554	0	83,93,554	54.50	83,93,554	0	83,93,554	54.50	0.00
(d) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (1)	**83,93,554**	**0**	**83,93,554**	**54.50**	**83,93,554**	**0**	**83,93,554**	**54.50**	**0.00**
(2) Foreign									
(a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-Total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**83,93,554**	**0**	**83,93,554**	**54.50**	**83,93,554**	**0**	**83,93,554**	**54.50**	**0.00**
(B) Public Shareholding									
(1) Institutions									
(a) Mutual Funds / UTI	8,250	3,000	11,250	0.07	2,63,383	1,550	2,64,933	1.72	1.65
(b) Financial Institutions / Banks	21,324	5,200	26,524	0.17	46,410	5,200	51,610	0.34	0.16
(c) Cental Government / State Governments(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e) Insurance Companies	1,00,900	0	1,00,900	0.66	1,00,000	0	1,00,000	0.65	(0.01)
(f) Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (specify)									
Foreign Portfolio Investors (Corp.)	13,42,226	0	13,42,226	8.72	5,33,026	0	5,33,026	3.46	(5.25)
Sub-Total (B) (1)	**14,72,700**	**8,200**	**14,80,900**	**9.62**	**9,42,819**	**6,750**	**9,49,569**	**6.17**	**(3.45)**
(2) Non-Institutions									
(a) Bodies Corporate	5,60,024	7,100	5,67,124	3.68	6,27,975	7,600	6,35,575	4.13	0.44
(b) Individuals -									
(i) Individual shareholders holding nominal share capital upto ₹1 lakh	34,45,212	6,63,682	41,08,894	26.68	39,46,757	5,76,742	45,23,499	29.37	2.69
(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	6,89,750	0	6,89,750	4.48	7,18,588	0	7,18,588	4.67	0.19
(c) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(d) Any Other									
(i) NBFCs registered with RBI	236	0	236	0.00	2,442	0	2,442	0.02	0.01
(ii) Trust	3,700	0	3,700	0.02	3,850	0	3,850	0.03	0.00
(iii) IEPF	1,55,842	0	1,55,842	1.01	1,72,923	0	1,72,923	1.12	0.11
Sub-total (B)(2)	**48,54,764**	**6,70,782**	**55,25,546**	**35.88**	**54,72,535**	**5,84,342**	**60,56,877**	**39.33**	**3.45**
Total Public Shareholding (B) = (B)(1)+(B)(2)	**63,27,464**	**6,78,982**	**70,06,446**	**45.50**	**64,15,354**	**5,91,092**	**70,06,446**	**45.50**	**0.00**
TOTAL (A)+(B)	**1,47,21,018**	**6,78,982**	**1,54,00,000**	**100.00**	**1,48,08,908**	**5,91,092**	**1,54,00,000**	**100.00**	**0.00**
(C) Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
GRAND TOTAL (A)+(B)+(C)	**1,47,21,018**	**6,78,982**	**1,54,00,000**	**100.00**	**1,48,08,908**	**5,91,092**	**1,54,00,000**	**100.00**	**0.00**

(ii) Shareholding of Promoters (including Promoter Group):

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year as on April 1, 2018			Shareholding at the end of the year as on March 31, 2019			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of total Shares Pledged/ encumbered to total shares	
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**

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

There was no change in the Promoters' Shareholding during the financial year ended March 31, 2019. The shareholding of promoters is same as mentioned above in the shareholding pattern.

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

Sl. No.	Name of the Shareholder	No. of Shares at the beginning of the year	% of total shares of the company at the beginning of the year	Cumulative Shares during the year	% of total shares of the company during the year
1	**Reliance Capital Trustee Co. Ltd. - A/C Reliance Tax Saver (Elss) Fund**				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	2,53,383	1.65	2,53,383	1.65
	Sold during the year	0	0.00	2,53,383	1.65
	At the end of the year	2,53,383	1.65	2,53,383	1.65
2	**Investor Education And Protection Fund Authority, Ministry of Corporate Affairs**				
	At the beginning of the year	1,55,842	1.01	1,55,842	1.01
	Bought during the year	17,081	0.11	1,72,923	1.12
	Sold during the year	0	0.00	1,72,923	1.12
	At the end of the year	1,72,923	1.12	1,72,923	1.12
3	**Government of the Province of Alberta Managed by Comgest S.A**				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	1,44,700	0.94	1,44,700	0.94
	Sold during the year	0	0.00	1,44,700	0.94
	At the end of the year	1,44,700	0.94	1,44,700	0.94
4	**LSV Emerging Markets Small Cap Equity Fund, LP**				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	1,17,300	0.76	1,17,300	0.76
	Sold during the year	0	0.00	1,17,300	0.76
	At the end of the year	1,17,300	0.76	1,17,300	0.76
5	**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	0.00	1,00,000	0.65
	Sold during the year	0	0.00	1,00,000	0.65
	At the end of the year	1,00,000	0.65	1,00,000	0.65
6	**Sanjeev Vinodchandra Parekh**				
	At the beginning of the year	82,564	0.54	82,564	0.54
	Bought during the year	34,000	0.22	1,16,564	0.76
	Sold during the year	(17,000)	(0.11)	99,564	0.65

Sl. No.	Name of the Shareholder	No. of Shares at the beginning of the year	% of total shares of the company at the beginning of the year	Cumulative Shares during the year	% of total shares of the company during the year
	At the end of the year	99,564	0.65	99,564	0.65
7	**Ajai Hari Dalmia**				
	At the beginning of the year	87,833	0.57	87,833	0.57
	Bought during the year	0	0.00	87,833	0.57
	Sold during the year	(9,600)	(0.06)	78,233	0.51
	At the end of the year	78,233	0.51	78,233	0.51
8	**Emerging Markets Core Equity Portfolio (the Portfolio) of DFA Investment Dimensions Group Inc. (DFAIDG)**				
	At the beginning of the year	66,921	0.43	66,921	0.43
	Bought during the year	0	0.00	66,921	0.43
	Sold during the year	(3,075)	(0.02)	63,846	0.41
	At the end of the year	63,846	0.41	63,846	0.41
9	**Vikram Singh Mauli Singh Negi**				
	At the beginning of the year	41,913	0.27	41,913	0.27
	Bought during the year	34,721	0.23	76,634	0.50
	Sold during the year	(22,668)	(0.15)	53,966	0.35
	At the end of the year	53,966	0.35	53,966	0.35
10	**Brij Bhushan Agarwal**				
	At the beginning of the year	12,700	0.08	12,700	0.08
	Bought during the year	37,800	0.25	50,500	0.33
	Sold during the year	0	0.00	50,500	0.33
	At the end of the year	50,500	0.33	50,500	0.33
11	**HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies**				
	At the beginning of the year	6,01,289	3.90	6,01,289	3.90
	Bought during the year	0	0.00	6,01,289	3.90
	Sold during the year	(6,01,289)	(3.90)	0	0.00
	At the end of the year	0	0.00	0	0.00
12	**Ajo Emerging Markets Small-Cap Master Fund, Ltd.**				
	At the beginning of the year	1,16,133	0.75	1,16,133	0.75
	Bought during the year	99,718	0.65	2,15,851	1.40
	Sold during the year	(2,15,851)	(1.40)	0	0.00
	At the end of the year	1,16,133	0.75	0	0.00
13	**Missouri Local Government Employees Retirement System**				
	At the beginning of the year	62,416	0.41	62,416	0.41
	Bought during the year	69541	0.45	1,31,957	0.86
	Sold during the year	(1,31,957)	(0.86)	0	0.00
	At the end of the year	62,416	0.41	0	0.00
14	**Dolly Khanna**				
	At the beginning of the year	50,830	0.33	50,830	0.33
	Bought during the year	64,841	0.42	1,15,671	0.75
	Sold during the year	(1,15,671)	(0.75)	0	0.00
	At the end of the year	50,830	0.33	0	0.00
15	**Morgan Stanley (France) S.A.**				
	At the beginning of the year	47,612	0.31	47,612	0.31
	Bought during the year	76,690	0.50	1,24,302	0.81
	Sold during the year	(1,24,302)	(0.81)	0	0.00
	At the end of the year	47,612	0.31	0	0.00

(v) 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]	-	-	-	-
2	Key Managerial Personnel[3]				
	Mr. S. K. Mishra (CFO)	50	Refer Note below[2]	50	Refer Note below[2]

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, 2019.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ 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	110.16
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4.94
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
	• As % of profit	-
	• Others	72.90
	(i) Retirals	31.29
	(ii) LTIP	133.49
	Total (A)	**352.78**

B. Remuneration to other directors:

1. Independent Directors

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Director						Total amount
		Mr. D. K. Banerjee	Mr. P. C. Parakh	Mr. Manoj T. Thomas	Dr. Omkar Nath Mohanty	Dr. Sougata Ray*	Mr. Krishnava S. Dutt*	
1.	Fee for attending Board/ Committee meetings	3.95	4.10	3.90	4.10	0.85	0.70	17.60
2.	Commission	6.12	7.82	7.14	6.12	2.04	1.36	30.60
3.	Others, please specify	-	-	-	-		-	-
	Total (B)(1)	**10.07**	**11.92**	**11.04**	**10.22**	**2.89**	**2.06**	**48.20**

2. Other Non - Executive Directors

(₹ in lakhs)

Sl. No.	Particulars of Remuneration	Name of Director							Total amount
		Mr. T.V. Narendran*@	Mr. A. M. Misra*	Mr. Koushik Chatterjee*@	Mr. Ashish Anupam*@	Mr. Bimlendra Jha*@	Mr. R. Ranganath*@	Mrs. Meena Lall@	
1.	Fee for attending Board/Committee meetings	-	3.25	-	-	-	-	-	3.25
2.	Commission	-	8.50	-	-	-	-	-	8.50
3.	Others, please specify	-	-	-	-	-	-	-	-
	Total (B)(2)	-	11.75	-	-	-	-	-	11.75
	Total (B) = (B)(1) + (B)(2)								**59.95**

*For the part of the year

@In line with the internal guidelines of the Company, no payment is made towards commission to the Non-executive Directors of the Company, who are in full-time employment with any other Tata company.

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

(₹ in lakhs)

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, 1961	26.83	15.40	42.23
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	4.99	2.77	7.76
	(c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options	NA	NA	NA
3	Sweat Equity	NA	NA	NA
4	Commission			
	- As % of profit			
	- Others (Performance pay)	24.45	9.08	33.53
5	Others			
	i) Retirals	5.50	0.99	6.49
	ii) Leave & Gratuity	6.61	0.69	7.30
	Total (C)	**68.38**	**28.93**	**97.31**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties/ punishments/ compounding of offences for the financial year ended March 31, 2019.

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

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

Mumbai
April 18, 2019

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

I, Sanjay Kumar Pattnaik, Managing Director, hereby declare that all the members of Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct, as applicable to them, in respect of the financial year 2018-19.

Sanjay Kumar Pattnaik
Managing Director
(DIN: 00256832)

Mumbai
April 18, 2019

Management Discussion and Analysis Report

GLOBAL ECONOMY

In 2018, the global economy grew at a rate of 3.6%. The year was marked by various political uncertainties such as future trade disputes between USA and China, upcoming Brexit negotiations, budgetary policy of Italy, among many others. These global tensions are expected to affect the global growth in 2019 as well. The global economy is expected to grow at a rate of 3.3% in 2019 and 3.6% in 2020. Negative effects of tariff increase in US and China and slow growth momentum in Europe in the second half of 2018 have led to the drop in growth estimates.

Region wise growth estimates

(%)

Region	2018	2019 (P)	2020 (P)
World output	3.6	3.3	3.6
Advanced economies	2.2	1.8	1.9
Emerging markets and developing economies	4.8	4.5	4.4

(Source: IMF) *Provisional

INDIAN ECONOMY

Factors such as continued domestic consumption and investment trends have positioned India as the sixth largest economy and one of the fastest growing countries in the world. The growth in the domestic consumption demand is catalysed and strengthened by factors such as harmonised of Goods and Services Tax (GST) and recapitalised bank. Indian economy grew by 6.8% in 2018-19 as compared to that of 6.7% in 2017-18. Agriculture and manufacturing are the two key industry sectors that are expected to contribute to this growth graph.

Few factors shaping the nation's economic growth are:

- Increased ease of doing business through changed processes such as a uniform Goods and Services Tax across India since mid-2017 and relaxed norms of opening, obtaining licences and investing in new businesses
- Domestic consumption driven economy: Nearly 60% of India's GDP is driven by domestic private consumption as compared to that of 40% in China. Hence, the economy is protected to a great extent from external shocks and cycles of low or high public investment
- Policy reforms such as increased FDI limits in most sectors, including retail, manufacturing and telecom are driving increased participation of foreign investors and improved investment norms for non-resident Indians
- Large-scale infrastructure development projects such as smart cities, industrial corridors, road, rail and shipping hubs, and power projects.

GLOBAL STEEL SECTOR

The demand for steel generated by numerous development projects across the world, especially in infrastructure and real estate projects in the emerging markets and developing economies has made it an important sector globally. In 2018, the US steel sector grew at a steady pace. The newly introduced tax reforms along with the import and exports tariffs implemented by the US government protected margins. Growth across the rest of the world was slow due to atypical circumstances. China's steel demand increased in the early half of 2018 due to boost in the real estate and positive impact of strong global economy. However, latter half of 2018 witnessed slow growth, tough environmental regulations and economic rebalance.

For 2019, demand in the US is expected to be modest due to slow auto manufacturing and construction activity. The manufacturing sector is expected to perform well due to the strength of the machinery and equipment sector.

Both upside and downside risks exist for China. The downside risks are mainly due to the ongoing trade friction with the US coupled with a decelerating economy. But in case China decides to use measures to contain the slowdown its economy, steel demand could boost in 2019.

India's steel demand is expected to improve as the nation recovers from the twin shocks of demonetisation and GST. Increasing investments and infrastructure programs are also expected to enhance steel demand.

Global steel output and growth rate

Year	Steel output (million tonnes)	Growth rate (%)
2010	1433	-
2011	1538	7.3
2012	1560	1.4
2013	1642	5.2
2014	1670	1.7
2015	1620	-3.0
2016	1606	-0.8
2017	1691	5.3
2018	1699	0.5
2019F	1692	-0.4

(Source: Deloitte)

Global capacity utilisation rate, 2018

Month	Rate (%)
January	70
February	72
March	72
April	75
May	72
June	74
July	73
August	73
September	74
October	73
November	71
December	69

(Source: Deloitte)

Global steel consumption and rate

Year	Steel output (million tonnes)	Growth rate (%)
2010	1401	-
2011	1492	6.5
2012	1552	4.0
2013	1613	3.9
2014	1627	0.9
2015	1580	-2.9
2016	1600	1.3
2017	1657	3.6
2018	1679	1.3
2019F	1715	2.2

(Source: Deloitte)

INDIAN STEEL SECTOR

From its position as the third largest steel producer in 2017 to the second largest producer of crude steel in 2018, India has definitely seen a positive slope.

The nation's investment in the infrastructure sector is the biggest contributor to its steel sector growth. The overall steel consumption in India in 2017-18 stood at a healthy 7.8%. According to a report by the World Steel Association, India produced 79.6 million tonnes of crude steel in the first nine months of 2018, reflecting a growth of 6.1% as compared with that of previous year.

The government's policy guidelines addresses the need to create a conducive environment to improve the efficiency and productivity of the steel sector.

Post 2017 National Steel Policy, the sector embarked upon a capacity expansion spree. By 2030, the capacity is expected to reach 300 mntpa. This will drive the per capita steel consumption from approximately 61 kg to 160 kg.

Recently, this sector has also seen major consolidations. This has made it easy for global players to enter the domestic markets. According to the Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted FDI to the tune of USD 10.84 billion in the period between April 2000 and June 2018. According to a report by the World Steel Association, the demand for steel in India is expected to grow by 7.3% in 2019. Indian total finished steel production (in million tonnes):

Indian total finished steel production (in million tonnes):

Year	2013-14	2014-15	2015-16	2016-17	2017-18	April-January 2018-19*
Production	99.38	104.58	106.60	120.14	126.85	109.11

(Source: JPC) *Provisional

Indian sponge iron industry

The use of sponge iron in India began in the early 1950s as a supplementary material for feeding blast furnaces in gas-based sponge iron plants. Today, the nation's sponge iron sector is booming and showing signs of robust growth in the coming years. This sector directly derives its demand from the performance of the steel sector. Environmental clearances and costs needed to set up integrated steel manufacturing plants are substantially high. To lower costs, coal-based sponge iron technology is emerging as a new method to manufacture steel.

India is the world's largest producer of sponge iron and has over 400 sponge iron units. Approximately 35% of the nation's steel producers use sponge iron to produce steel. With time, the coal-based route emerged as a key contributor and now accounts for 79% of total sponge iron production in the country. The nation's sponge iron manufacturing capacity stood at 49.6 metric tonnes in 2017-18.

The National Steel Policy 2017 lays out an ambitious growth path for the sponge iron sector. The production capacity is expected to reach 80 million tonnes by 2030-31.

Indian sponge iron production (in million tonnes):

Year	2013-14	2014-15	2015-16	2016-17	2017-18	April-January 2018-19*
Production	22.87	24.24	22.43	28.76	30.51	27.57

(Source: JPC) *Provisional

Sectoral opportunities for the steel and sponge iron sector

The sponge iron sector is linked to the nation's steel sector in such a way that a rise in demand for steel would increase the demand for sponge iron. The various sectors that are expected to contribute to the growing demand are:

- **Automotive:** India is the fourth largest automobiles market globally. Increased capacity additions in the automotive industry are expected to create robust demand for steel.
- **Capital goods:** This sector accounts for a major chunk of steel consumption and hence is a major driver for this sector.
- **Infrastructure:** The infrastructure sector accounts for 9% of the total steel consumption, which is expected to increase to 11% by 2026 after additional support from government in the sector.
- **Airports:** In coming years, the government plans major investments in the aviation sector, which is a huge demand driver for the steel sector. Development of airports in Tier II cities is expected to drive the consumption demand.
- **Railways:** Expansion of the Dedicated Rail Freight Corridor (DRFC) network, setting up of new railway lines, railway electrification and gauge conversion are all expected to add to increased consumption of steel and in turn, that of sponge iron.
- **Power:** Under the 13th Five Year Plan (2017-2022), the Indian government targets a capacity addition in the power sector of about 100 GW. This requires enhancing the power generation and transmission capacities that in turn will increase the demand for steel.
- **Rural India:** The rural India per capita consumption of finished steel is expected to rise due to various government initiatives such as Food for Work Programme (FWP), Indira Awaas Yojana, Pradhan Mantri Gram Sadak Yojana, among many others.

Segment 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 (FY19) the kilns made a record production of 4,36,045 MT (at 112 % of designed capacity) which is higher by 5% as compared to 4,17,094 MT of DRI production during the previous year (FY'18). 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 1,323 MT/day.

The sale of sponge iron was 4,37,331 MT which is higher by 5.76 % as against the sale of 4,13,506 MT during previous year. The product dispatch through containerised rakes improved further to meet the customer requirement and contain cost.

During the year, the total generation of power was 199.78 MKWH as compared to 199.24 MKWH during the previous year which is an increase of 0.27 % and export was 143.47 MKWH as compared to 143.63 MKWH during FY'18 which has decreased by 0.11 %.

Opportunities

The renewed importance given by Government on affordable housing, roads, sagarmala projects and other infrastructure projects are expected to create steel demand, this will augur well for sponge iron industry also.

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 80 MT, 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. Availability of scrap and its import will be an issue for sponge iron consumption and will affect the demand. Iron ore and coal prices will also play a key role in profitability as its availability will be an issue if there are closure of mines.

Outlook

Post elections and stable Government, it is expected that thrust on infrastructure projects will renew. Also liquidity infusion and project finance will become easier and spurt growth in housing and infrastructure sectors. This will lead to remunerative prices and business sustainability.

Strategic Framework

For medium and long term strategic framework, kindly refer page no. 18, 46 and 47 of the report.

Operational and financial highlights

The operational and financial performance of the Company (standalone) during FY'19, has been summarised in the table below followed by explanatory remarks for significant changes in FY'19, compared to previous year.

Manufacture of Sponge Iron

Particulars	FY'19 (in MT)	Capacity Utilisation (%)	FY'18 (in MT)	Capacity Utilisation (%)	Change (in MT)	Change (%)
Production	4,36,045	112	4,17,094	107	18,951	5
Sale	4,37,331		4,13,506		23,825	6

Electrical Energy

Particulars	FY'19	FY'18	Change (MKWH)	Change (%)
Generation (in MKWH)	199.78	199.24	0.54	0.27
Sale (in MKWH)	143.47	143.63	(0.16)	(0.11)

Financial Performance

(₹ in lakhs)

Particulars	FY'19	FY'18	Change	Change %	Refer Note
Total Income	1,04,972	85,966	19,006	22	1
Consumption of Raw material	70,869	50,058	20,811	42	2
Employee Cost	4,486	4,180	306	7	
Other Expenses	9,366	7,979	1,387	17	
Depreciation and amortisation expenses	1,158	1,230	(72)	(6)	
Finance Cost	302	325	(23)	(7)	
Profit Before Tax	18,777	21,018	(2,242)	(11)	3
Profit after tax	12,433	14,086	(1,652)	(12)	3
Earnings per share (₹)	80.73	91.47	(10.74)	(12)	
Reserves & Surplus	1,06,807	97,103	9,704	10	
Current Liabilities	21,070	19,814	1,256	6	
Net Fixed Assets	22,771	15,482	7,289	47	4
Current Assets	69,501	71,944	(2,443)	(3)	

Notes:

1. Total income increased by 22% mainly due to increase in Net realisation and sales volume of sponge iron.
2. Consumption of raw material increased by 42 % mainly due to increase in the cost of both iron ore, coal and for higher production.
3. Lower Profit before tax and profit after tax mainly due to increase in cost of inputs as compared to net realisation.
4. Net fixed asset increased by 47 % mainly due to purchase of land at Adityapur, Jamshedpur.

DETAILS OF SIGNIFICANT CHANGES IN THE KEY FINANCIAL RATIOS

The details of significant changes in the key financial ratios during financial year 2018-19 as compared to the immediately previous financial year 2017-18 are given below:

Particulars	2018-19	2017-18	Change in %	Remark
Debtors turnover	14.46	16.92	(14.58)	The operating profit margin and Net profit margin during the year is lower than the previous year mainly because the cost rise on inputs was not compensated by way of increase in Net Realisation
Inventory turnover	9.95	12.02	(17.19)	
Interest coverage ratio	-	-	-	
Current ratio	3.30	3.63	(9.16)	
Debt equity ratio	NIL	NIL		
Operating profit margin (%)	14.59	22.84	(36.12)	
Net profit margin (%)	11.84	16.71	(29.10)	
Return on net worth (%)	12.01	15.22	(21.06)	

Note:

1. Turnover for all purpose taken revenue from operation net of excise duty
2. For debtor turnover, inventory turnover & return on net worth, average debtor, average inventory and average net worth taken.
3. As our interest cost relating to interest provision for statutory liability , it is not considered for interest coverage ratio.
4. As there is no debt, debt equity ratio is Nil.
5. Operating profit margin = Operating profit / Revenue from operations net of excise duty, if any
6. Net profit margin = Net profit after tax / Total income net of excise duty, if any

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 that conducts audits in various functional areas as per audit programme approved by the Audit Committee. Audit planning and execution is 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 that meets five times a year to review the audit issues and follow up on the corrective actions.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

As on 31st March 2019, the company had 385 employees, 161 Officers and 224 Associates. The Human Resources department is committed to recruiting strong candidates and this commitment involves discussing the needs of a department, advising on recruitment strategies, participating in the selection of the right candidate, checking references and making job offers. As part of this process, Human Resources analyzes data such as the number of vacant positions, the number of positions filled and the time it took to fill positions. Tracking this information helps to ensure quality of service and leads to a better understanding of the time required to fill a position. The onboarding and induction was smooth and engaging for all the new recruits. All these recruitments were done internally at a low cost. The retention rate during FY'19 was at 99.4%.

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.

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 maximise shareholder value and protect the interest of other stakeholders.

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 ten Directors, out of which five are Independent, four are Non – Executive and one is Executive. Therefore, majority of Board comprises of Independent Directors. The Chairman of the Board is a Non-Executive Director.

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

None of the Directors are related to each other.

Memberships of other Boards/ Board Committees

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, 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 July 18, 2018	No. of Directorship in other public companies		No. of committee positions held in other public limited companies@	
						Chairperson	Member	Chairperson	Member
1	Mr. T.V. Narendran[1]	03083605	Chairman, Non-executive & Non-independent	1	NA	1	6	-	1
2	Mr. Dipak Kumar Banerjee	00028123	Non-executive & Independent	7	No	1	8	3	6
3	Mr. Prakash Chandra Parakh	01305775	Non-executive & Independent	10	Yes	-	-	-	-
4	Mr. Manoj T. Thomas	03614981	Non-executive & Independent	10	No	-	1	-	1
5	Dr. Omkar Nath Mohanty	03058576	Non-executive & Independent	10	Yes	-	1	-	-

Sl. No.	Name of the Director	Director Identification No. (DIN)	Status/ Category	Attendance at Board Meetings	Attendance at the last AGM held on July 18, 2018	No. of Directorship in other public companies		No. of committee positions held in other public limited companies@	
						Chairperson	Member	Chairperson	Member
6	Dr. Sougata Ray[2]	00134136	Non-executive & Independent	1	NA	-	1	-	2
7	Mr. Koushik Chatterjee[1]	00004989	Non-executive & Non-independent	-	NA	2	5	1	2
8	Mr. Ashish Anupam [3]	08384201	Non-executive & Non-independent	-	NA	-	2	-	-
9	Mrs. Meena Lall	05133322	Non-executive & Non-independent	9	Yes	1	-	-	-
10	Mr. Sanjay Kumar Pattnaik	00256832	Executive & Non-independent	10	Yes	-	3	-	-
11	Mr. A.M. Misra [4]	01477289	Non-executive & Nominee	9	Yes	-	-	-	-
12	Mr. R.Ranganth [4]	06725337	Non-Executive and Non-independent	9	Yes	-	6	1	2
13	Mr. Krishnava Dutt [5]	02792753	Non-Executive and Independent	2	No	-	6	4	6
14	Mr. Bimlendra Jha [1, 6]	02170280	Non-Executive Non-independent	-	NA	-	2	-	1

[1] Mr. T.V. Narendran, Mr. Koushik Chatterjee and Mr. Bimlendra Jha were appointed as Additional (Non-Executive Non-Independent) Director(s) w.e.f. January 12, 2019.
[2] Dr. Sougata Ray was appointed as an Additional (Non-Executive Independent) Director w.e.f. January 12, 2019.
[3] Mr. Ashish Anupam was appointed as an Additional (Non-Executive Non-Independent) Director w.e.f March 14, 2019.
[4] Mr. A.M. Misra and Mr. R.Ranganath stepped down from the Board w.e.f. January 12, 2019.
[5] Mr. Krishnava Dutt stepped down from the Board w.e.f. October 11, 2018.
[6] Mr. Bimlendra Jha Stepped down from the Board w.e.f. February 07, 2019.
@ Represents Chairmanships/ Memberships of Audit Committee and Stakeholders' Relationship Committee of Public Limited (Indian) Companies.

Note: There are no inter-se relationships between our Board Members

No. of Board Meetings held during the year	10
Dates on which held	17-04-2018, 17-07-2018, 20-07-2018, 07-08-2018, 12-10-2018, 21-10-2018, 24-10,2018, 15-12-2018, 12-01-2019, 14-03-2019.

None of the Directors held any shares in the Company as on March 31, 2019.

During the year, Mr. Bimlendra Jha (DIN: 02170280) was appointed as an Additional (Non-executive Non-Independent) Director on the Board of Directors of the Company with effect from January 12, 2019. However, Mr. Jha, on February 07, 2019, stepped down from the Board of the Company, owing to his other personal commitments.

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 the Directors seeking appointment/ re-appointment in the thirty-sixth (36th) 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, 2019. Both the Codes are hosted on the website of the Company at www.tatasponge.com.

Details of Listed Entity(ies) in which the Director is a member of the Board and their category of directorship

Sr. No.	Name of the Director(s)	Name(s) of the Listed Entity(ies) where the person is a director	Category of Directorship
1.	Mr. T.V. Narendran	Tata Steel Limited	Executive Director
		Tata Steel BSL Limited	Non-Executive – Non- independent Director, Chairman
		Tata Sponge Iron Limited	Non-Executive – Non independent Director, Chairman
2.	Mr. Dipak Kumar Banerjee	Shristi Infrastructure Development Corporation Limited	Non-Executive - Independent Director, Chairman
		Rupa & Company Limited	Non-Executive - Independent Director
		Tayo Rolls Limited	Non-Executive - Independent Director
		The Tinplate Company of India Limited	Non-Executive - Independent Director
		Tata Sponge Iron Limited	Non-Executive - Independent Director
		DIC India Limited	Non-Executive - Independent Director, Chairman
3.	Mr. Prakash Chandra Parakh	Tata Sponge Iron Limited	Non-Executive - Independent Director
4.	Dr. Omkar Nath Mohanty	Tata Sponge Iron Limited	Non-Executive - Independent Director
5.	Mr. Manoj Thankachan Thomas	Tata Sponge Iron Limited	Non-Executive - Independent Director
6.	Dr. Sougata Ray	Tata Sponge Iron Limited	Non-Executive - Independent Director
		The Tinplate Company of India Limited	Non-Executive - Independent Director
7.	Mr. Koushik Chatterjee	Tata Sponge Iron Limited	Non-Executive – Non independent Director
		Tata Steel BSL Limited	Non-Executive – Non independent Director
		Tata Steel Limited	Executive Director
		Tata Metaliks Limited	Non-Executive – Non independent Director, Chairman
		The Tinplate Company of India Limited	Non-Executive – Non independent Director, Chairman
8.	Mr. Ashish Anupam	Tata Sponge Iron Limited	Non-Executive – Non independent Director
9.	Mrs. Meena Lall	Tata Sponge Iron Limited	Non-Executive – Non independent Director
10.	Mr. Sanjay Kumar Pattnaik	Tata Sponge Iron Limited	Executive Director

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 organised 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 at https://www.tatasponge.com/performance-corporate-governance/

Matrix of skills / expertise / competencies of the Board

i) Knowledge - understand the Company's business, policies, and culture (including its mission, vision, values, goals, current strategic plan, governance structure, major risks and threats and potential opportunities) and knowledge of the industry in which the Company operates;

ii) Behavioral Skills - attributes and competencies to use their knowledge and skills to function well as team members and to interact with key stakeholders;

iii) Strategic thinking and decision making;

iv) Financial Skills;

v) Technical/Professional skills and specialised knowledge to assist the ongoing aspects of the business.

Confirmation from the Independent Directors

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company has received necessary confirmation and that in the opinion of the Board, the Independent Directors fulfil the conditions specified in the said regulations and are independent of the management.

Resignation of Independent Director during the financial year 2018-19

During the year, Mr. Krishnava Dutt (DIN: 02792753), Independent Director, stepped down from the Board of the Company with effect

from October 11, 2018, owing to his other personal commitments. There were no other material reasons for Mr. Dutt's resignation, other than the reason stated. The said resignation was accepted and noted by the Board at its meeting held on October 12, 2018.

3. BOARD COMMITTEES

The Company has in place the following committees as on March 31, 2019:

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

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

As per the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee is mandatorily required to review the functioning of the whistle blower mechanism. Therefore, in order to avoid an overlapping in the role of Ethics and Compliance Committee with the Audit Committee, the Board of Directors of the Company, by way of Circular Resolution, accorded their approval to dissolve the Ethics and Compliance Committee w.e.f. January 29, 2019. Also, constitution of Ethics and Compliance Committee is not required mandatorily as per law.

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 auditor and secretarial auditors. The Committee also provides reassurance to the Board on the adequate and timely disclosures as well as compliance with all the provisions applicable to the 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-fifth Annual General Meeting held on July 18, 2018.

The composition of the Audit Committee and the details of meetings attended by the Committee Members during the financial year 2018-19, are given below in Table – 2.

Table - 2

Sl. No.	Name of the Committee Member	Status	Category	No. of meetings attended
1	Mr. Prakash Chandra Parakh	Chairman	Non-executive & Independent	5
2	Mr. Dipak Kumar Banerjee	Member	Non-executive & Independent	5
3	Mr. Omkar Nath Mohanty	Member	Non-executive & Independent	5
4	Mr. Koushik Chatterjee [1]	Member	Non-executive & Non-independent	-
5	Mr. R. Ranganath [2]	Member	Non-executive & Non-independent	5

[1] Mr. Koushik Chatterjee was appointed on the Board of Directors of the Company w.e.f January 12, 2019 and was subsequently inducted as a member on the Audit Committee w.e.f. January 29, 2019.

[2] Mr. R. Ranganath stepped down from the Board of Directors of the Company w.e.f. January 12, 2019

No. of Audit Committee meetings held during the year	5
Dates on which held	17-04-2018, 17-07-2018, 11-10-2018, 15-12-2018, 12-01-2019.

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 Committee Members are given below in Table – 3.

Table - 3

Sl. No.	Name of the Committee Member	Status	Category	No. of meetings attended
1	Mr. Manoj T. Thomas	Chairman	Non-executive & Independent	4
2	Mr. Dipak Kumar Banerjee	Member	Non-executive & Independent	3
3	Mr. T.V. Narendran [1]	Member	Non-executive & Non-independent	1
4	Mr. Koushik Chatterjee [1]	Member	Non-executive & Non-independent	-
5	Mr. A.M. Misra [2]	Member	Non-executive & Nominee	3

[1] Mr. T.V. Narendran and Mr. Koushik Chatterjee were appointed on the Board of Directors of the Company w.e.f January 12, 2019 and were subsequently inducted as member(s) on the Nomination and Remuneration Committee w.e.f. January 29, 2019.

[2] Mr. A.M. Misra stepped down from the Board of Directors of the Company w.e.f. January 12, 2019

No. of Nomination and Remuneration Committee meetings held during the year	4
Dates on which held	17-04-2018, 08-10-2018, 12-01-2019, 14-03-2019.

The Chairman of the Nomination and Remuneration Committee, Mr. Manoj T. Thomas, was unable to attend the Thirty-fifth Annual General Meeting held on July 18, 2018, due to his other personal commitments.

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, 2019:

Table - 4

Non-Executive Directors

(₹ in lakhs)

Sl. No.	Name of the Director*	Sitting Fees (Gross)	Perquisities & Allowances	Commission (Gross)	Total (Gross)
1	Mr. A. M. Misra[1]	3.25	-	8.50	11.75
2	Mr. Dipak Kumar Banerjee	3.95	-	6.12	10.07
3	Mr. Prakash Chandra Parakh	4.10	-	7.82	11.92
4	Mr. Manoj T. Thomas	3.90	-	7.14	11.04
5	Dr. Omkar Nath Mohanty	4.10	-	6.12	10.22
6	Dr. Sougata Ray	0.85	-	2.04	2.89
7	Mr. Krishnava S. Dutt[1]	0.70	-	1.36	2.06

* In line with the internal guidelines of the Company, no payment is made towards commission to the Non-Executive Directors of the Company, who are in full-time employment with any other Tata Company.

[1] for the part of the financial year 2018-19.

During the Financial Year 2018-19, the Company did not have any material pecuniary relationship or transactions with Non-Executive Directors apart from paying Director's remuneration.

Executive Director/ Whole Time Director/ Managing Director:

(₹ in lakhs)

Sl. No.	Name of the Director	Salary	Perquisites & Allowances	Commission/ Bonus (Gross)	Others (Retirals & LTIP)	Total (Gross)
1	Mr. Sanjay Kumar Pattnaik-Managing Director	110.16	4.94	72.90	164.78	352.78

Board Evaluation

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

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

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

The Nomination and Remuneration Committee ("NRC") has adopted a policy which, *inter alia*, deals with the manner of selection of Board of Directors, Managing Director/ Executive Director, 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 benchmark is clear;

(b) balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

(c) responsibility required to be shouldered by the MD/ ED, the industry benchmarks and the current trends;

(d) the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

Remuneration Policy for the Key Managerial Personnel / Senior Management Employees

I. In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members) the NRC shall ensure / consider the following:

i. the relationship of remuneration and performance benchmark is clear;

ii. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;

iii. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;

iv. the remuneration including annual increment and performance bonus is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, 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.

III. None of the Executive Directors are eligible for payment of any severance fees and the contracts with Executive Directors may be terminated by either party giving the other party three months' notice or the Company paying three months' salary in lieu thereof.

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 Committee Members during the Financial Year 2018-19 are given below in Table – 5.

Table - 5

Sl. No.	Name of the Committee Member	Status	Category	No. of meeting(s) attended
1	Dr. Sougata Ray [1]	Chairman	Non-executive & Independent	1
2	Mr. Prakash Chandra Parakh	Member	Non-executive & Independent	2
3	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	2
4	Mr. Krishnava Dutt [2]	Chairman	Non-executive & Independent	1

[1] Dr. Sougata Ray was appointed on the Board of Directors of the Company w.e.f January 12, 2019 and was subsequently inducted as Chairman on the Stakeholders' Relationship Committee w.e.f. January 29, 2019.

[2] Mr. Krishnava Dutt stepped down from the Board of Directors of the Company w.e.f. October 11, 2018

No. of Stakeholders' Relationship Committee meeting held during the year	2
Dates on which held	10-07-2018, 30-03-2019

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, 2019:

No. of complaints pending as on April 01, 2018	0
No. of complaints identified and reported during the year ended March 31, 2019	14
No. of Complaints disposed off during the year ended March 31, 2019	14
No. of pending complaints as on March 31, 2019	0

Nature of Shareholder Complaints:

Sl. No.	Nature of Complaints	Number of Complaints
1	Non- receipt of dividend	6
2	Change in signature	2
3	Non-receipt of shares	3
4	Issue of duplicate shares	1
5	Transfer of shares	1
6	Transmission of shares	1
	Total	14

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 at www.tatasponge.com.

The composition of the Committee and meetings attended during the financial year 2018-19, are as given below in Table-6.

Table - 6

Sl. No.	Name of the Committee Member	Status	Category	No. of meetings attended
1	Dr. Sougata Ray [1]	Chairman	Non-executive & Independent	1
2	Mr. Manoj T. Thomas	Member	Non-executive & Independent	2
3	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	2
4	Mr. R. Ranganath [2]	Chairman	Non-executive & Non- Independent	1

[1] Dr. Sougata Ray was appointed on the Board of Directors of the Company w.e.f January 12, 2019 and was subsequently inducted as Chairman on the Corporate Social Responsibility Committee w.e.f. January 29, 2019.

[2] Mr. R.Ranganath stepped down from the Board of Directors of the Company w.e.f. January 12, 2019

No. of Corporate Social Responsibility Committee meetings held during the year	2
Dates on which held	15-12-2018, 14-03-2019.

The necessary quorum was present at the meetings.

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 Committee Members are given below in Table – 7.

Table - 7

Sl. No.	Name of the Committee Member	Status	Category	No. of meetings attended
1	Mr. T.V. Narendran[1]	Chairman	Non-executive & Non-independent	-
2	Mr. Dipak Kumar Banerjee	Member	Non-executive & Independent	2
3	Dr. Omkar Nath Mohanty	Member	Non-executive & Independent	2
4	Mr. Koushik Chatterjee[1]	Member	Non-executive & Non-independent	-
5	Mr. Sanjay Kumar Pattnaik	Member	Executive & Non-independent	2
6	Mr. A.M. Misra[2]	Chairman	Non-executive & Nominee	2
7	Mr. R.Ranganath[2]	Member	Non-executive & Non-Independent	1

[1] Mr. T. V. Narendran and Mr. Koushik Chatterjee were appointed on the Board of Directors of the Company w.e.f January 12, 2019 and were subsequently inducted as Chairman/member on the Committee of Board w.e.f. January 29, 2019, respectively.

[2] Mr. A.M. Misra and Mr. R.Ranganath stepped down from the Board of Directors of the Company w.e.f. January 12, 2019

No. of Committee of Board meeting held during the year	2
Dates on which held	05-04-2018, 15-11-2018

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 minimisation 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 the Financial Year 2018-19, are as given below in Table - 8.

Table - 8

Sl. No.	Name of the Committee Member	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	16-07-2018, 08-10-2018

Dissolution of Ethics and Compliance Committee

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee is mandatorily required to review the functioning of the whistle blower mechanism. Therefore, there had been an overlapping in the role of Ethics and Compliance Committee with the Audit Committee.

Further, constitution of Ethics and Compliance Committee is not required mandatorily as per law.

In view of the above, the Board by way of resolution passed through circulation on January 29, 2019, dissolved the Ethics and Compliance Committee of the Board.

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 ₹10,00,00,000. The subscribed/ paid up capital of this subsidiary was ₹1,06,00,600 as on March 31, 2019. Four Board meetings of this company were held during the year ended March 31, 2019.

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 at www.tatasponge.com.

5. GENERAL BODY MEETINGS / POSTAL BALLOT

a) The details of last three Annual General Meetings of the Company are furnished below in Table - 9:

Table - 9

Financial Year	Location	Date	Time
2017-2018	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	18-07-2018	10:30 a.m.
2016-2017	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	04-08-2017	10:00 a.m.
2015-2016	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	26-07-2016	10:00 a.m.

b) Details of Postal Ballot:

During the year, the Company approached the shareholders through postal ballot. The details of postal ballot are as follows:

Date of Postal Ballot Notice: August 07, 2018
Voting Period: August 17, 2018 - September 15, 2018
Date of Declaration of result: September 17, 2018
Date of approval: September 17, 2018

Details of Resolution(s):

Name of the resolution	Type of resolution	Mode of Voting	Outcome / Result
Approval of Material Related Party Transactions with Tata Steel Limited	Ordinary	Through Physical Postal Ballot Form and e-Voting	All resolution(s) were passed with requisite majority
Approval of Material Related Party Transactions with Tata International Singapore PTE Ltd			
Approval of Material Related Party Transactions with Tata International Limited			

c) Details of Extra Ordinary General Meeting of the Shareholders held during the year, are furnished below:

Financial Year	Location	Date	Time
2018-2019	'Lake View' (Officers' Recreation Centre), TSIL Township, Joda	14-12-2018	10:30 a.m.

Details of Resolution(s):

Name of the resolution	Type of resolution	Mode of Voting	Outcome / Result
Increase in Borrowing Limits Creation of Charges Increase in the Authorised Share Capital of the Company and consequent amendment of capital clause in the Memorandum and Articles of Association of the Company Issue, offer and allotment of 11.30% Non-Convertible Redeemable Preference Shares on private placement basis to Tata Steel Limited	Special	E-voting and Ballot Form at the EGM	All resolution(s) were passed with requisite majority

d) None of the resolutions proposed for the ensuing Annual General meeting need to be passed by Postal Ballot.

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

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

- At the Annual General Meeting held on July 18, 2018, no Special Resolution was passed.
- At the Annual General Meeting held on August 04, 2017, no Special Resolution was passed.
- At the Annual General Meeting held on July 26, 2016, no Special Resolution was passed.

g) 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 July 18, 2018. Ms. Manjari Sinha, Practicing Company Secretary (FCS No. 9392, CP No.9724) of Jamshedpur was appointed as Scrutiniser.

h) Facilities for Ballot and E-voting was extended to the shareholders to exercise their voting rights on all resolutions proposed at the Extra Ordinary General Meeting held on December 14, 2018. Mr. Navin Kothari, Practicing Company Secretary (FCS No. 5935, CP No. 3725) of Kolkata was appointed as Scrutiniser.

i) 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 (2019). 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).

(ii) Presentation to Institutional Investors or to Analysts:
The presentations made to the Anaysts/ Investors during financial year 2018-19 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	36th Annual General Meeting	Day/ Date	: Monday, July 15, 2019
		Time	: 11:00 am
		Venue	: Lake View Officers' Recreation Centre, TSIL Township, Joda, Dist – Keonjhar, Odisha, Pin code – 758 034.
7.2	Financial year	2018-19 (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 for payment of dividend	From Monday, July 08, 2019 to Monday, July 15, 2019 (both days inclusive) Saturday, July 06, 2019	
7.5	Dividend payment date	The dividend warrants will be posted on or after Wednesday, July 17, 2019	

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 278178 Fax : 06767 278159/ 278129 E-mail : investorcell@tatasponge.com
7.9	Exclusive e-mail address for redressal of investor complaints	investorcell@tatasponge.com
7.10	Listing Fees	This is to confirm that the Company has made the payment of Listing Fee for the Financial Year 2019-2020 to both the Stock Exchanges namely, BSE Limited and National Stock Exchange of India Limited.

7.11 Market price data: Monthly High/ Low prices per share during 2018-19:

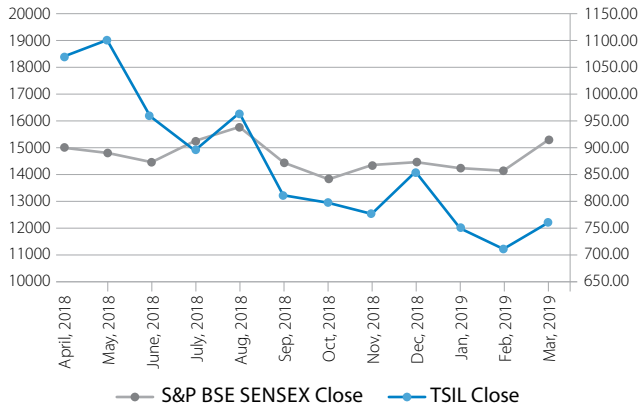
Table - 10

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	High (₹)	Low (₹)	High (₹)	Low (₹)
	Monthly			
April, 2018	1248.00	923.70	1249.00	928.80
May, 2018	1169.00	1030.10	1143.00	1031.85
June, 2018	1155.00	941.05	1155.50	940.00
July, 2018	1161.05	861.75	1049.00	861.10
August, 2018	992.00	862.05	989.85	860.00
September, 2018	998.00	801.00	1000.00	801.25
October, 2018	894.60	775.00	894.00	773.95
November, 2018	839.70	770.65	841.00	771.90
December, 2018	873.00	727.85	873.40	727.00
January, 2019	869.90	660.00	863.00	661.30
February, 2019	795.00	668.35	795.00	667.65
March, 2019	780.00	711.70	782.00	713.65

7.12 Stock Performance:

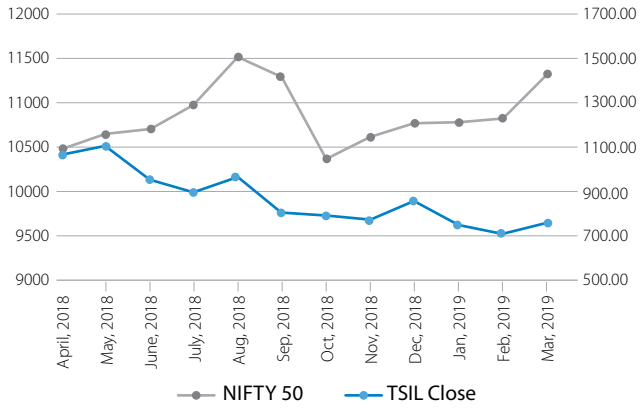
TSIL vs. BSE 500

Table - 11



TSIL vs. NSE Nifty 500

Table - 12



7.13 Registrar & Share Transfer Agent

Registered Office:

M/s. TSR Darashaw Limited	Phone	: 022 - 66568484
(formerly Tata Share Registry Limited)	Fax	: 022 – 66568494 / 66568496
6-10, Haji Moosa Patrawala Industrial House,	Website	: www.tsrdarashaw.com
20, Dr. E. Moses Road, Near Famous Studio,	e-mail	: csg-unit@tsrdarashaw.com
Mahalakshmi, Mumbai - 400001		

Branch Office:

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

2) **Jamshedpur**

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

3) **Kolkata**

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

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. 10th November, 2014.

7.14 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.

During the Financial Year 2018-19, the Securities and Exchange Board of India ('SEBI') and Ministry of Corporate Affairs ('MCA') has mandated that existing members of the Company who hold securities in physical form and intend to transfer their securities after April 1, 2019, can do so only in dematerialised form. Therefore, Members holding shares in physical form were requested to consider converting their shareholding to dematerialised form. During the year, the Company has sent necessary intimations to its shareholders regarding the restriction on transfer of securities in the physical form.

Share transactions in electronic form can be effected in a much simpler and faster manner. After a confirmation of a sale/purchase transaction from the broker, shareholders should approach the Depository Participant ("DP") with a request to debit or credit the account for the transaction. The DP will immediately arrange to complete the transaction by updating the account. There is no need for a separate communication to the Company to register these share transfers.

Shareholders should communicate with TSR Darashaw Limited, the Company's Registrars and Transfer Agents ('RTA') quoting their folio number or Depository Participant ID ('DP ID') and Client ID number, for any queries to their securities.

7.15 Distribution of shareholding as on March 31, 2019:

Table - 13

Nominal value of Shareholding						
₹		₹	No. of Shareholders	% to total	No. of Shares	% to total
(1)			(2)	(3)	(4)	(5)
1	-	100	33,545	79.58	13,13,729	8.53
101	-	500	7,250	17.20	17,01,146	11.05
501	-	1,000	747	1.77	5,87,166	3.81
1,001	-	2,000	324	0.77	4,74,619	3.08
2,001	-	5,000	182	0.43	5,63,174	3.66
5,001	-	10,000	41	0.10	2,94,408	1.91
10,001	-	20,000	32	0.08	4,46,249	2.90
20,001	-	30,000	6	0.01	1,53,624	1.00
30,001	-	40,000	11	0.03	3,83,057	2.49
40,001	-	50,000	2	0.00	87,058	0.57
50,001	-	1,00,000	4	0.01	3,13,910	2.04
1,00,001	-	and above	7	0.02	90,81,860	58.97
Total			42,151	100.00	1,54,00,000	100.00

7.16 Categories of shareholders as on March 31, 2019:

Table - 14

Sl. No.	Category	No. of shares held	Percentage of shareholding
1	Promoters		
	(i) Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	7,854,000	51.00
	(ii) Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	5,39,554	3.50
	Total	8,393,554	54.50
2	Mutual Funds and UTI	2,64,933	1.72
3	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	1,51,610	0.98
4	Private Corporate Bodies	6,37,017	4.14
5	Indian Public	50,76,158	32.96
6	NRIs/OCBs/FIIs	6,99,955	4.55
7	Directors & Relatives	0	0.00
8	Trusts	3,850	0.03
9	IEPF Suspense Account	172,923	1.12
	TOTAL	**15,400,000**	**100.00**

7.17 Top Ten Shareholders across all categories as on March 31, 2019:

Table - 15

Sl. No.	Name of the Shareholder	No. of shares held	% of total shares of the company
1	Tata Steel Limited	8,393,554	54.50
2	Investor Education and Protection Fund Authority – Ministry of Corporate Affairs	172,923	1.12
3	Government of the Province of Alberta managed by Comgest S.A	1,44,700	0.94
4	Reliance Capital Trustee Co. Ltd-A/C Reliance Small Cap Fund	1,43,602	0.93
5	Lsv Emerging Markets Small Cap Equity Fund, LP	1,17,300	0.76
6	Reliance Capital Trustee Co. Ltd. - A/C Reliance Tax Saver (ELSS) Fund	1,09,781	0.71
7	General Insurance Corporation of India	1,00,000	0.65
8	Sanjeev Vinodchandra Parekh	99,564	0.65
9	Emerging Markets Core Equity Portfolio (the portfolio) of DFA Investment Dimensions Group Inc. (DFAIDG)	63,846	0.41
10	Brij Bhushan Agarwal	50,500	0.33

7.18 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, 2019, 1,48,08,908 shares were held in dematerialised form which constitute approx. 96.16 % of total number of subscribed shares.

7.19 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.

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

7.21 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

7.22Credit Rating

During the year, the Company has obtained the following Credit Rating from the Credit Rating Agencies as mentioned below:

Sr. No.	Date of report of credit rating	Credit Rating Agency	Summary of rating action	
			Instrument	Rating
1.	December 24, 2018 [Revision of Credit Rating]	ICRA Limited	Fund Based – Proposed term loan	Revised from [ICRA]AA& to [ICRA]AA-/ Stable;
			Fund Based – Cash Credit	Downgraded to [ICRA]AA- from [ICRA]AA; removed from 'watch with developing implications', and 'Stable' outlook assigned.
			Non-Fund Based Limits	[ICRA]A1+ reaffirmed, and removed from 'watch with developing implications'
			Commercial paper programme	[ICRA]A1+ assigned
		India Ratings and Research Private Limited	Commercial paper programme	IND A1+

The detailed report(s) of Credit Rating obtained by the Company on instruments can be accessed at www.tatasponge.com.

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 by August 23, 2019.

The status of dividend remaining unclaimed is given hereunder

Table -16

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, Corporate Bhawan, 2nd & 3rd Floor, Plot No. 9 (P), Sector – I, CDA, Cuttack – 753014, Odisha	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 2010-11	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 2011-12 to 2017-18	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 2017-18 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 (₹)	Date of Declaration	Due Date for transfer to IEPF
2012	8	July 20, 2012	August 23, 2019
2013	8	July 24, 2013	August 27, 2020
2014	10	July 15, 2014	August 18, 2021
2015	10	August 21, 2015	September 24, 2022
2016	10	July 26, 2016	September 02, 2023
2017	11	August 04, 2017	September 04, 2024
2018	20	July 18, 2018	August 21, 2025

Shareholders are requested to get in touch with 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 at 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 said policy is placed 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 said policy is placed 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

(f) Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)
The Company has not raised funds through preferential allotment or qualified institutions placement during the year ended March 31, 2019.

(g) Certificate from the Practicing Company Secretary
During the year ended March 31, 2019, the Company has received a certificate from Messrs. S.M. Gupta & Co., Practicing Company Secretaries, (which forms integral part of this report) confirming that none of the directors on the Board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

(h) Recommendations of Committee of Board of Directors - During the year ended March 31, 2019, all recommendations made by the Committees of the Board of Directors (viz. Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Committee of Board) were accepted by the Board of the Company.

(i) Total fees for all services paid by the Company and its subsidiary, TSIL Energy Limited, on a consolidated basis, to the statutory auditors:

The details of payment made to Statutory Auditors during financial year 2018-19 are mentioned below:

Sl. No.	Particulars of fees	(₹ in lakhs)
1	For yearly audit fees	9.72
2	For quarterly audit fees	6.00
3	For out of pocket expenses	2.34
4	Tax Audit	1.60
5	Fees paid for audit of subsidiary accounts	0.89
	Total	20.55

(j) Statement of Complaints in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

No. of complaints filed during the financial year 2018-19	0
No. of Complaints disposed off during the financial year 2018-19	0
No. of pending complaints as on March 31, 2019	0

(k) 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.

(l) 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.

(m) The disclosures of the compliance with corporate governance requirements specified in Regulations 17 to 27 and clause (b) to clause (i) of sub-regulation (2) of Regulation 46 shall be made in the section of corporate governance of the annual report – Complied wherever applicable.

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

(o) 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, 2019.

During the Financial Year 2018-19, the Company did not have any material pecuniary relationship or transactions with Non-Executive Directors apart from paying Director's remuneration. Further, the Directors have not entered into any contracts with the Company or its subsidiaries, which will be in material conflict with the interest of the Company.

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

(p) 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.

(q) Board Disclosures – Risk Management
The procedures for risk assessment and minimisation have been disclosed elsewhere in the annexure to the Directors' Report.

(r) Proceeds from public issues, rights issues, preferential issues etc.
The Company has not made any capital issues during the financial year.

(s) 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.

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

(u) 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, 2019.

(v) 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

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

Mumbai
April 18, 2019

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, 2019 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

Kolkata
April 18, 2019

CERTIFICATE AS REQUIRED UNDER SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) 2015

We have examined the relevant records and documents of Tata Sponge Iron Limited for the purpose of issuing Certificate as required under Schedule V(C)(10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) 2015, as amended, and on the basis of such checks which to the best of our knowledge and belief were necessary for the purpose of this certification and on the basis of information and explanations given to us and according to the examinations carried out by us, we do hereby certify that in our opinion and according to the best of our information and belief:

None of the Directors on the Board of Tata Sponge Iron Limited have been debarred or disqualified from being appointed or continuing as Directors of Tata Sponge Iron Limited by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such Statutory Authority.

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

Kolkata
April 18, 2019

Independent Auditor's Report

To the Members of Tata Sponge Iron Limited

Report on the audit of the standalone financial statements

Opinion

1. We have audited the accompanying standalone financial statements of Tata Sponge Iron Limited ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of profit and loss (including Other Comprehensive Income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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, 2019, its total comprehensive income (comprising of profit and other comprehensive income), its changes in equity and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current year. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
(a) Recoverability of expenses incurred towards Radhikapur (East) Coal Block, Odisha; and (b) Appropriateness of disclosure of contingent liability in respect of performance guarantee for coal block allocation Refer Note 31 to the standalone financial statements on Radhikapur (East) Coal Block The Company has financial exposure aggregating to Rs. 17,905 lacs (reflected in the standalone financial statements as capital advances – Rs. 16,792 lacs, property, plant and equipment – Rs. 578 lacs, and capital work in progress – Rs. 535 lacs) incurred in earlier years, on the Radhikapur (East) Coal Block, which was deallocated pursuant to Order of the Hon'ble Supreme Court of India in 2014. Coal Mines (Special Provisions) Rules, 2014, promulgated pursuant to the aforesaid Order, prescribes that 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. The Company has submitted the statement of expenses and other details to the Nominated Authority of the Ministry of Coal ('MoC'). The above matter is pending as on the balance sheet date.	Our audit procedures included the following: (a) Evaluation of the design and testing of operating effectiveness of the controls implemented by the management to assess the recoverability of expenses incurred towards Radhikapur (East) Coal Block and related disclosures in the standalone financial statements. (b) Obtained an understanding for the basis of the management's judgement including discussion with the Company's in-house legal counsel. (c) Tested a sample of expenses incurred on the coal block. (d) Considered the legal opinion obtained by the management to understand the status and the management's assessment of the likely outcome of the on-going litigation. (e) Obtained evidence supporting the on-going discussions of the Company with the MoC/ Nominated Authority of MoC. Based on the above work performed, we found the management's judgement on assessment of recoverability of the related expenses incurred and the disclosure of the contingent liability in respect of performance guarantee for coal block allocation, to be reasonable.

Key audit matter	How our audit addressed the key audit matter
The MoC issued notice for invocation of bank guarantee in November 2012 towards performance conditions for original allocation of the coal block amounting to ₹ 3,250 lacs, for which the Company filed a writ petition in Hon'ble High Court of Delhi. The bank guarantee had lapsed and not renewed after November 2015 as the Hon'ble High Court of Delhi had directed the Company to keep the bank guarantee live and MoC to take decision by that date, however, there was no communication from MoC by the said date. MoC again issued notice for invocation of bank guarantee / depositing amount in December 2015 for which the Company has again filed a writ petition before Hon'ble High Court of Delhi, which is pending adjudication. Pending finalisation of the matter, the amount has been disclosed as contingent liabilities. This was considered to be a key audit matter as significant judgements are involved regarding recoverability of the aforesaid amount incurred and possible obligation related to bank guarantee that is subject to decision / approvals of the regulatory authorities.	

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information in Corporate Profile and the Director's Report alongwith the Annexures to the Director's Report included in the Company's annual report (titled as 'Tata Sponge Iron Limited Integrated Report & Annual Accounts 2018-19), but does not include the financial statements and our auditor's report thereon.

   Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the standalone financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

   - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

13. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

14. 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 Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of the written representations received from the directors taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 standalone 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2019 on its financial position in its standalone financial statements – Refer Note 30 and 31 to the standalone financial statements;

ii. The Company did not have any material foreseeable losses on long-term contracts as at March 31, 2019. The Company did not have any derivative contracts as at March 31, 2019. Refer Note 40 to the standalone financial statements.

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, 2019, except for amounts aggregating to Rs. 4.82 lacs, which according to information and explanations provided by the management is held in abeyance due to pending legal cases - Refer Note 43 to the standalone financial statements.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2019.

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

Pinaki Chowdhury
Membership Number 057572

Kolkata
April 18, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Tata Sponge Iron Limited on the standalone financial statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. We have audited the internal financial controls with reference to standalone financial statements of Tata Sponge Iron Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 with reference to standalone financial statements 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, 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/E-300009
Chartered Accountants

Kolkata
April 18, 2019

Pinaki Chowdhury
Membership Number 057572

Annexure B to Independent Auditors' Report

Referred to in paragraph 13 of the Independent Auditors' Report of even date to the members of Tata Sponge Iron Limited on the standalone financial statements as of and for the year ended March 31, 2019

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 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 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. 513.83 lacs outstanding for a period of more than six months as on March 31, 2019), service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 34(g) to the standalone financial statement regarding management assessment of certain matters relating to provident fund.

(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 goods and services tax as at March 31, 2019, which have not been deposited on account of any dispute. The particulars of dues of Income-tax, sales tax, duty of customs, duty of excise, value added tax as at March 31, 2019, 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	585.16	2014-15	Commissioner of Income Tax (Appeals)
			2015-16	
		276.36	2013-14	Income Tax Appellate Tribunal
Central Sales Tax Act, 1957	Central Sales Tax	66.71	2005-06	High Court of Orissa
		6.02	1987-88	Deputy Commissioner of Commercial Taxes
			1992-93	
			1993-94	

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Orissa Sales Tax Act,1947	Sales Tax	2.45	1992-93	Assistant Commissioner of Sales Tax
			2000-01	
		6.10	1987-88	Deputy Commissioner of Commercial Taxes
			1989-90	
			1990-91	
			1988-89	
Customs Act, 1962	Customs Duty	3,311.05	2012-13	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	205.45	2011-12	Appeal to be filed with CESTAT
Orissa 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. As mentioned in note 33(E) to the standalone financial statements, the managerial remuneration paid / provided in the standalone financial statements aggregating to Rs. 133.49 lacs is subject to approval / ratification by shareholders in the ensuing annual general meeting. Once approved / ratified by the shareholders, the managerial remuneration would be in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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 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/E-300009
Chartered Accountants

Pinaki Chowdhury
Membership Number 057572

Kolkata
April 18, 2019

Standalone Balance Sheet

as at 31 March, 2019

Rs. in lacs

	Notes	As at 31 March, 2019	As at 31 March, 2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	03	21,973.09	14,666.50
(b) Capital work-in-progress	03	739.39	582.19
(c) Intangible assets	04	59.11	233.03
(d) Financial assets			
(i) Investments	05	12,261.57	7,277.69
(ii) Loans	06	11.28	15.29
(iii) Other financial assets	07	86.45	6,412.84
(e) Non current tax assets (net)	19 A	2,973.73	2,812.63
(f) Other non-current assets	08	24,822.36	17,478.59
Total non-current assets		**62,926.98**	**49,478.76**
(2) Current assets			
(a) Inventories	09	11,527.69	8,408.87
(b) Financial assets			
(i) Investments	05	12,096.23	12,685.45
(ii) Trade receivables	10	7,845.45	5,880.50
(iii) Cash and cash equivalents	11 (i)	16,319.33	11,249.38
(iv) Other bank balances	11 (ii)	18,420.38	30,911.33
(v) Loans	06	227.03	252.20
(vi) Other financial assets	07	1,294.06	929.29
(c) Other current assets	08	1,771.13	1,628.34
Total current assets		**69,501.30**	**71,945.36**
Total assets		**132,428.28**	**121,424.12**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	12	1,540.00	1,540.00
(b) Other equity	13	106,807.23	97,102.60
Total equity		**108,347.23**	**98,642.60**
(2) Liabilities			
Non-current liabilities			
(a) Provisions	14	1,190.03	1,168.89
(b) Deferred tax liabilities (net)	15	1,820.48	1,798.21
Total non-current liabilities		**3,010.51**	**2,967.10**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16		
(A) total outstanding dues of micro enterprises and small enterprises		106.62	176.10
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		7,403.47	6,514.06
(ii) Other financial liabilities	18	425.23	422.78
(b) Other current liabilities	17	2,247.76	2,166.12
(c) Provisions	14	5,497.13	5,145.03
(d) Current tax liabilities (net)	19	5,390.33	5,390.33
Total current liabilities		**21,070.54**	**19,814.42**
Total liabilities		**24,081.05**	**22,781.52**
Total equity and liabilities		**132,428.28**	**121,424.12**
Notes forming an integral part of the standalone financial statements	1 to 44		

This is the Balance Sheet referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Standalone Statement of Profit and Loss

for the year ended 31 March, 2019

Rs. in lacs

		Notes	Year ended 31 March, 2019	Year ended 31 March, 2018
I	Revenue from operations	20	99,205.30	81,664.54
II	Other income	21	5,766.39	4,301.21
III	**Total income (I + II)**		**104,971.69**	**85,965.75**
IV	**Expenses:**			
	Cost of materials consumed	22	70,868.77	50,058.31
	Changes in inventories of finished goods	23	13.83	(473.47)
	Excise duty on sale of goods		-	1,647.81
	Employee benefits expense	24	4,486.75	4,180.44
	Finance costs	25	302.18	324.67
	Depreciation and amortisation expense	26	1,157.90	1,230.28
	Other expenses	27	9,365.67	7,979.38
	Total expenses (IV)		**86,195.10**	**64,947.42**
V	**Profit before tax (III - IV)**		18,776.59	21,018.33
VI	**Tax expense:**			
	(1) Current tax	27.1A	6,575.00	7,099.00
	(2) Deferred tax	15	(231.57)	(166.38)
	Total tax expense (VI)		**6,343.43**	**6,932.62**
VII	**Profit for the year (V - VI)**		**12,433.16**	**14,085.71**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement gain / (loss) of the defined benefit plans		(9.59)	170.13
	(b) Income tax relating to above		3.35	(58.88)
	(c) Changes in fair value of FVOCI equity instruments		1,248.00	-
	(d) Income tax relating to above		(257.19)	-
IX	**Total other comprehensive income**		**984.57**	**111.25**
X	**Total comprehensive income for the year (VII+VIII)** (Comprising profit and other comprehensive income for the year)		**13,417.73**	**14,196.96**
XI	**Earnings per equity share (face value of Rs. 10 each) :**			
	(1) Basic (in Rs.)	29	80.73	91.47
	(2) Diluted (in Rs.)		80.73	91.47
Notes forming an integral part of the standalone financial statements		1 to 44		

This is the Statement of Profit and Loss referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Standalone Statement of Changes in Equity

for the year ended 31 March, 2019

(A) Equity share capital

Rs. in lacs

	Notes	
As at 1 April, 2017	12	1,540.00
Changes in equity share capital during the year		-
As at 31 March, 2018		**1,540.00**
Changes in equity share capital during the year		-
As at 31 March, 2019		**1,540.00**

(B) Other equity

Rs. in lacs

Particulars	Notes	Reserves and surplus			Other reserves	Total
		General reserves	Retained earnings	Remeasurement gains / (losses) on defined benefit plans	Equity instruments through other comprehensive income	
As at 1 April, 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 items of other comprehensive income (OCI)		-	-	(58.88)	-	(58.88)
Transactions with the owners in their capacity as owners						
Dividend paid during the year	28 (b) (ii)	-	(1,694.00)	-	-	(1,694.00)
Tax on dividend	28 (b) (ii)	-	(344.86)	-	-	(344.86)
Balance as at 31 March, 2018	13	**77,000.00**	**20,233.59**	**(130.99)**	**-**	**97,102.60**
Profit for the year		-	12,433.16	-	-	12,433.16
Changes in fair value of FVOCI equity instruments		-	-	-	1,248.00	1,248.00
Remeasurement gains / (losses) on defined benefit plans		-	-	(9.59)	-	(9.59)
Tax impact on items of other comprehensive income (OCI)		-	-	3.35	(257.19)	(253.84)
Transactions with the owners in their capacity as owners						
Dividend paid during the year	28 (b) (ii)	-	(3,080.00)	-	-	(3,080.00)
Tax on dividend	28 (b) (ii)	-	(633.10)	-	-	(633.10)
Transfer to/from general reserve		13,000.00	(13,000.00)	-	-	-
Balance as at 31 March, 2019	13	**90,000.00**	**15,953.65**	**(137.23)**	**990.81**	**106,807.23**
Notes forming an integral part of the standalone financial statements	1 to 44					

This is the Statement of Changes in Equity referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Standalone Statement of Cash Flows

for the year ended 31 March, 2019

Rs. in lacs

		Year ended 31 March, 2019	Year ended 31 March, 2018
A.	**Cash flows from operating activities**		
	Profit before tax	18,776.59	21,018.33
	Adjustments for:		
	Depreciation and amortisation expense	1,157.90	1,230.28
	Amortisation of lease hold land	0.47	0.47
	Changes in fair value of financial assets at fair value through profit and loss	2.19	(4.41)
	Changes in fair value of non - current financial assets at fair value through profit and Loss	(735.89)	(91.68)
	Dividend received from equity investments	(88.00)	(74.48)
	Dividend from current investments	(675.16)	(1,121.54)
	Gain on sale of current investments	(0.79)	-
	Loss /(gain) on disposal of property, plant and equipment	(6.59)	3.49
	Interest income	(3,915.98)	(2,762.55)
	Finance cost	302.18	324.67
	Liabilities no longer required written back	(191.22)	(0.29)
	Operating profit before working capital changes	**14,625.70**	**18,522.29**
	Changes in operating assets and liabilities:		
	(Increase) in Inventories	(3,118.82)	(3,501.21)
	(Increase) in Trade receivables	(1,964.95)	(2,303.83)
	(Increase) in Other current assets	(142.79)	(893.85)
	Decrease in Loans	25.17	27.71
	Decrease in Other financial assets	-	155.90
	Decrease / (Increase) in Other non-current assets	6,180.80	(5,395.94)
	Increase in Trade payables	819.93	1,437.70
	Increase in Other financial liabilities	3.11	46.78
	Increase in Other-current liabilities	272.86	860.06
	Increase in Provisions - current	40.33	210.77
	Increase / (Decrease) in Provisions - non current	21.14	(112.50)
	Cash generated from operations	**16,762.48**	**9,053.88**
	Income taxes paid	(6,736.10)	(4,943.53)
	Net cash generated from operating activities	**10,026.38**	**4,110.35**
B.	**Cash flows from investing activities**		
	Payments for purchases of property, plant and equipment (including capital advances)	(15,843.31)	(680.98)
	Proceeds from disposal of property, plant and equipment	13.95	1.21
	Payments to acquire current investments	(51,365.16)	(42,756.54)
	Payments to acquire Non- current investments	(2,999.99)	(7,000.00)
	Proceeds from disposal of current investments	51,952.98	56,217.60
	Fixed deposits (placed) / matured (net)	12,530.78	(30,684.00)
	Interest received	3,704.26	2,398.53
	Dividend received from equity investments	88.00	74.48
	Dividend received from current investments	675.16	1,121.54
	Net cash generated /(used) in investing activities	**(1,243.33)**	**(21,308.16)**
C.	**Cash flows from financing activities:**		
	Dividend paid	(3,080.00)	(1,674.34)
	Tax on dividend paid	(633.10)	(344.86)
	Net cash used in financing activities	**(3,713.10)**	**(2,019.20)**
Net increase / (decrease) in cash or cash equivalents		5,069.95	(19,217.01)
Cash and cash equivalents at the beginning of the year (Refer Note 11)		11,249.38	30,466.39
Cash and cash equivalents at the end of the year (Refer Note 11)		**16,319.33**	**11,249.38**
Notes forming an integral part of the standalone financial statements	1 to 44		

This is the Statement of Cash Flows referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

S K Mishra
Chief Financial Officer

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Notes to the Standalone Financial Statements

1. 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 standalone 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. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

The standalone financial statements were approved and authorized for issue with the resolution of the Company's Board of Directors on April 18, 2019.

2. 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.

(a) Basis of preparation

(i) 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.

(ii) 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.

(iii) 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 non-current.

(b) 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 recognised as an expense in the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives and Residual Values

Depreciation on property, plant and equipment 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. The useful lives determined are in line with the useful lives prescribed in Schedule II to the Act except in respect of furniture and fixtures and vehicles, in whose case the life of the assets has been assessed, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions

Notes to the Standalone Financial Statements

of the asset, past history of replacement, anticipated technological changes, etc.

The estimated useful lives of property, plant and equipment are as under:

Category of assets	Useful life
Building	3 – 60 years
Plant and machinery	5 – 25 years
Office equipment	5 – 10 years
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 the Statement of Profit or Loss within 'Other Income'/'Other Expenses'. Advances paid towards the acquisition 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'.

(c) 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 are amortised on a straight-line basis over their estimated useful lives i.e. 5 years.

Computer software (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 amortization 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.

(d) 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.

(e) 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).

(f) 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 recognised as expense in the Statement of Profit and 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.

(g) 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.

(h) 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

Notes to the Standalone Financial Statements

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.

(i) 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 are recorded in either the profit or 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 plus, 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 recognised as expense 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.

Notes to the Standalone Financial Statements

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 Income

Dividend is recognised as other income in the Statement of Profit and 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 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.

(j) 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.

(k) 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 compensated absences which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are considered other long term benefits. 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.

Notes to the Standalone Financial Statements

(l) 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.

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.

(m) 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.

(n) 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.

(o) Revenue recognition

Effective 1 April, 2018, the Company has applied Ind AS 115 – Revenue from Contracts with Customers, using the retrospective effect method.

Notes to the Standalone Financial Statements

Pursuant to adoption of Ind AS 115, Revenue from contracts with customers are recognised when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognised depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Company is entitled to in exchange for the goods and services.

A. Sale of goods

Revenue from sale of goods is recognised when the control over such goods have been transferred, being when the goods are delivered to the customers. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, risks of loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales are recognised based on the price specified in the contract, which is fixed. No element of financing is deemed present as the sales are made against the receipt of advance or with an agreed credit period (in a very few cases) of upto 90 days, which is consistent with the market practices. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

B. Sale of Power

Revenue from the sale of power is recognised when the control has been transferred to the customer, being when the power have been transmitted to the buyer as per the terms of contract with the customer. Revenue from sale of power is recognised based on the price specified in the agreement, which is fixed. No element of financing is deemed present as the sales are made with an agreed credit period of 30 days, which is consistent with the market practices. A receivable is recognised when the power have been transmitted as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

C. Other Operating Revenue

Revenue from sale of coal fines, char and iron ore fines are recognized when the control over such goods have been transferred being when the goods are delivered to the customers. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, risks of loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales are recognised based on the price specified in the contract, which is fixed. No element of financing is deemed present as the sales are made against the receipt of advance or with an agreed credit period of upto 30 days (in very few cases), which is consistent with the market practices. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

(p) Other Income

(i) Interest Income

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

(q) 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.

(r) 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

Notes to the Standalone Financial Statements

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.

(s) 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.

(t) 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.

(u) 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.

(v) 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 Company. Refer Note 35 for segment information presented.

(w) 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.

(x) 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 Note 2(k) and 34

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

Notes to the Standalone Financial Statements

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(b) and 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 obsolesce that may change the utility of property, plant and equipment.

C. Contingencies - Refer Note 2(n), 30 and 31

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 2(l) and 15

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

E. Fair value measurements of financial instruments – Refer Note 2(i)(vi) and 28

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Discounted Cash Flow Model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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, 2019	As at 31 March, 2018
Freehold land	8,589.18	564.08
Freehold buildings	2,375.30	2,510.14
Plant and equipment	10,618.76	11,343.05
Furniture and fixtures	12.32	12.85
Office equipment	256.69	142.63
Vehicles	120.84	93.75
Sub-total	**21,973.09**	**14,666.50**
Capital work-in-progress	739.39	582.19
Total	**739.39**	**582.19**

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost/deemed cost							
Balance as at 1 April, 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**
Additions during the year	8,025.10	27.43	-	5.88	179.00	60.52	8,297.93
Assets disposed / written off during the year	-	-	30.69	-	2.23	52.81	85.73
Balance as at 31 March, 2019	**8,589.18**	**3,202.27**	**12,917.52**	**36.69**	**402.01**	**144.85**	**25,292.52**
Accumulated depreciation							
Accumulated depreciation as at 1 April, 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**
Charge for the year	-	162.27	722.69	6.41	63.99	28.62	983.98
Depreciation on assets disposed / written off during the year	-	-	29.09	-	1.28	48.00	78.37
Accumulated depreciation as at 31 March, 2019	**-**	**826.97**	**2,298.76**	**24.37**	**145.32**	**24.01**	**3,319.43**
Carrying amount							
Balance as at 31 March, 2018	564.08	2,510.14	11,343.05	12.85	142.63	93.75	14,666.50
Balance as at 31 March, 2019	**8,589.18**	**2,375.30**	**10,618.76**	**12.32**	**256.69**	**120.84**	**21,973.09**

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.

3 Depreciation on property, plant and equipment has been included under 'Depreciation and amortisation expense' in the Standalone Statement of Profit and Loss (Refer Note 26).

4 On transition to Ind AS, the Company has chosen to carry forward previous GAAP carrying amount and accordingly the net carrying amount on transition date was considered as the deemed cost.

Notes to the Standalone Financial Statements

04 Intangible assets

Rs. in lacs

Carrying amounts of:	As at 31 March, 2019	As at 31 March, 2018
Computer software (acquired)	6.33	9.56
Railway sidings (constructed)	52.78	223.47
Total intangible assets	**59.11**	**233.03**

Rs. in lacs

	Computer software (acquired)	Railway sidings (constructed)	Total intangible assets
Cost/deemed cost			
Balance as at 1 April, 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**
Additions during the year	-	-	-
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2019	**10.30**	**725.91**	**736.21**
Accumulated amortisation			
Accumulated amortisation as at 1 April, 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**
Charge for the year	3.23	170.69	173.92
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2019	**3.97**	**673.13**	**677.10**
Carrying amount			
Balance as at 31 March, 2018	9.56	223.47	233.03
Balance as at 31 March, 2019	**6.33**	**52.78**	**59.11**

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

04.02 On transition date, the Company has chosen to carry forward the previous GAAP carrying amount and accordingly net carrying amount on transition date was considered deemed cost.

Notes to the Standalone Financial Statements

05 Investments

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Non- current Investments (Unquoted)		
(A) Investment in Equity Instruments		
Investment in Subsidiary Company $		
TSIL Energy Limited	106.01	106.01
106,060 (31 March, 2018: 106,060) equity shares of Rs. 10 each fully paid up		
Investment in Other body corporates @		
Jamipol Limited	1,328.00	80.00
800,000 (31 March, 2018: 800,000) equity shares of Rs. 10 each fully paid up		
(B) Investments in Mutual fund #		
(i) IDFC Corporate Bond Direct plan - Growth	4,331.83	2,028.97
(ii) Reliance Floating Rate Fund - Short Term Plan (Direct Growth Plan)	3,247.35	2,029.42
(iii) Reliance Short Term Fund - (Direct Growth Plan)	3,248.38	3,033.29
	10,827.56	**7,091.68**
Total Non - current Investments	**12,261.57**	**7,277.69**
Current Investments (Unquoted)		
Investment in liquid mutual funds #		
(i) TATA Money Market Fund - Plan A - Daily Dividend Reinvestment	-	3,843.72
(ii) HDFC Liquid Fund- Regular Plan - Daily Dividend Reinvestment	1,789.63	6.65
(iii) IDFC Cash Fund - Regular Plan - Daily Dividend Reinvestment	1,560.85	575.58
(iv) Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment	3,541.40	4,157.61
(v) Axis Liquid - Regular plan - Daily Dividend Reinvestment	1,455.96	1,168.47
(vi) ICICI Prudential Liquid - Regular plan- Daily Dividend Reinvestment	-	769.17
(vii) BSL Cash Plus - Daily Dividend Reinvestment	-	1,225.54
(viii)Sundaram Money Fund Regular -Daily Dividend Reinvestment	-	575.11
(ix) DSP Blackrock Liquidity Fund-Inst-Daily Dividend Reinvestment	3,748.39	363.60
Total current investments	**12,096.23**	**12,685.45**
Aggregate amount of Unquoted Investments	**24,357.80**	**19,963.14**
# Investments carried at Fair value through Profit and Loss	22,923.79	19,777.13
@ Investments carried at Fair value through Other Comprehensive Income [also refer Note 28(c)]	1,328.00	80.00

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

06 Loans

(Unsecured, considered good unless stated otherwise)

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
Loan to Employees	6.77	6.30	10.83	8.22
Security Deposits				
Considered good	4.51	220.73	4.46	243.98
Credit Impaired	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
	11.28	**227.03**	**15.29**	**252.20**

Notes to the Standalone Financial Statements

07 Other financial assets

(Unsecured, considered good unless stated otherwise)

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
(a) Interest accrued on deposits, loans and advances	4.05	1,294.06	157.10	929.29
(b) Deposit with banks and others with maturity period more than 12 months	82.40	-	6,255.74	-
[Above deposits includes **Rs. 82.40 lacs** as at 31 March, 2019 (Rs. 2.02 lacs as at 31 March, 2018) pledged with government authorities]				
	86.45	**1,294.06**	**6,412.84**	**929.29**

08 Other assets

(Unsecured, considered good unless stated otherwise)

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
(a) Capital advances *	24,171.95	-	16,824.26	-
(b) Advances to related parties [Refer Note 33]	-	80.30	-	50.98
(c) Other loans and advances				
(i) Advances with public bodies	608.71	759.98	608.71	946.47
(ii) Other advances and prepayments	15.84	930.38	19.29	630.42
(iii) Prepaid lease payments				
- Prepaid lease payments cost	42.42	0.47	42.42	0.47
Less: Prepaid lease payments amortisation	(16.56)	-	(16.09)	-
	24,822.36	**1,771.13**	**17,478.59**	**1,628.34**

* The Company has made payments relating to transfer of leasehold rights relating to certain land parcels and iron ore mines, which is part of its acquisition of the steel business of Usha Martin Limited. These include an amount of **Rs. 4,732.00 lacs** paid as upfront application fees paid for iron ore mines and **Rs. 2,615.19 lacs** for transfer of leasehold rights of land parcels.

09 Inventories

(lower of cost and net realisable value)

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Raw materials	9,803.15	6,858.03
(b) Finished goods	677.75	691.58
(c) Stores and spares	1,046.79	859.26
	11,527.69	**8,408.87**

Note:

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

Notes to the Standalone Financial Statements

10 Trade receivables

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Unsecured, considered good	7,845.45	5,880.50
Total trade receivables	**7,845.45**	**5,880.50**
Trade receivables from related parties (Refer Note 33)	1,197.49	629.00
Trade receivables other than related parties	6,647.96	5,251.50
	7,845.45	**5,880.50**

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, 2019	As at 31 March, 2018
(a) Balances with scheduled banks		
(1) In current accounts	418.57	3,537.41
(2) In fixed deposit accounts having original maturity of three months or less	15,900.00	7,711.28
(b) Cash on hand	0.76	0.69
Total Cash and cash equivalents as per Cash Flow Statement	**16,319.33**	**11,249.38**
(ii) Other Bank balances		
In Unclaimed Dividend Accounts @	267.16	227.33
In fixed deposit accounts (with original maturity of more than three months and maturing within twelve months from the balance sheet date)	18,153.22	30,684.00
	18,420.38	**30,911.33**
@ Includes earmarked balances in unclaimed dividend accounts	267.16	227.33

(iii) 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, 2019	As at 31 March, 2018
(a) Authorised Share Capital:		
75,000,000 fully paid equity shares of Rs. 10 each	7,500.00	2,500.00
(As at 31 March, 2018: 25,000,000 fully paid equity shares of Rs. 10 each)		
	7,500.00	**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, 2018: 15,400,000 fully paid equity shares of Rs. 10 each)		
	1,540.00	**1,540.00**

Notes to the Standalone Financial Statements

(c) Fully paid equity shares

	No. of equity shares	Amount Rs. in lacs
Equity shares of Rs. 10 each		
As at 1 April, 2017	15,400,000	1,540.00
Changes in equity share capital during the year	-	-
As at 31 March, 2018	**15,400,000**	**1,540.00**
Changes in equity share capital during the year	-	-
As at 31 March, 2019	**15,400,000**	**1,540.00**

(d) Shares held by holding company

	As at 31 March, 2019		As at 31 March, 2018	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares				
Tata Steel Limited (Holding Company)	8,393,554	54.50%	8,393,554	54.50%
	8,393,554	**54.50%**	**8,393,554**	**54.50%**

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

	As at 31 March, 2019		As at 31 March, 2018	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares				
Tata Steel Limited (Holding Company)	**8,393,554**	**54.50%**	**8,393,554**	**54.50%**

(f) Rights, preferences and restrictions attached to shares

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

12 A Preference share capital

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Authorised Share Capital:		
20,00,00,000 Non-Convertible Redeemable Preference Shares of Rs. 100 each	200,000.00	-
(As at 31 March, 2018: NIL Non-Convertible Redeemable Preference Shares of Rs. 100 each)		
	200,000.00	**-**

(b) Rights, preferences and restrictions attached to preference shares

Such shares shall rank for capital and dividend (including all dividend undeclared upto the commencement of winding up) and for repayment of capital in a winding up, pari passu inter se and in priority to the Equity Shares of the Company, but shall not confer any further or other rights in participating in surplus funds. Such shares shall confer on the holders thereof, the right to a fixed preferential

Notes to the Standalone Financial Statements

dividend from the date of allotment at 11.30% p.a. and shall be redeemable at par upon maturity or optional early redemption at the option of the Company annually at 12 monthly intervals from the date of allotment. These shares shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

(c) These preference shares are yet to be issued and are included above for disclosure for authorised share capital only. Classification of the preference shares as equity or liability will be determined at the time they are issued.

13 Other equity

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
General reserves	90,000.00	77,000.00
Retained earnings	15,953.65	20,233.59
Remeasurement gains / (losses) on defined benefit plans	(137.23)	(130.99)
Equity instruments through other comprehensive income	990.81	-
Total	**106,807.23**	**97,102.60**

Rs. in lacs

Particulars	Reserves and surplus			Other Reserves	Total
	General reserves [Refer (a) below]	Retained earnings [Refer (b) below]	Remeasurement gains / (losses) on defined benefit plans [Refer (c) below]	Equity instruments through other comprehensive income [Refer (d) below]	
Balance as at 1 April, 2017	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 items of other comprehensive income (OCI)	-	-	(58.88)	-	(58.88)
Transactions with the owners in their capacity as owners					
Dividend paid during the year [refer note 28(b) (ii)]	-	(1,694.00)	-	-	(1,694.00)
Tax on dividend [refer note 28(b) (ii)]	-	(344.86)	-	-	(344.86)
Balance as at 31 March, 2018	**77,000.00**	**20,233.59**	**(130.99)**	**-**	**97,102.60**
Profit for the year	-	12,433.16	-	-	12,433.16
Changes in fair value of FVOCI equity instruments	-	-	-	1,248.00	1,248.00
Remeasurement gains / (losses) on defined benefit plans	-	-	(9.59)	-	(9.59)
Tax impact on items of other comprehensive income (OCI)	-	-	3.35	(257.19)	(253.84)
Transactions with the owners in their capacity as owners					
Dividend paid during the year [refer note 28(b) (ii)]	-	(3,080.00)	-	-	(3,080.00)
Tax on dividend [refer note 28(b) (ii)]	-	(633.10)	-	-	(633.10)
Transfer to/from general reserve	13,000.00	(13,000.00)	-	-	-
Balance as at 31 March, 2019	**90,000.00**	**15,953.65**	**(137.23)**	**990.81**	**106,807.23**

Notes to the Standalone Financial Statements

(a) General reserves

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.

(b) Retained Earnings

Retained Earnings are the profits and gains that the Company has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

(c) Remeasurement gains / (losses) defined benefit plans

The Company recognises remeasurement gains / (losses) on defined benefit plans in Other Comprehensive Income. These changes are accumulated within the equity under "Remeasurement gains / (losses) on defined benefit plans" reserve within equity.

(d) Equity instruments through other comprehensive income

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the "Equity instruments through other comprehensive income" reserve within equity. The Company transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised.

14 Provisions

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
(a) Provision for employee benefits				
Post-employment defined benefits	1,190.03	81.47	1,168.89	117.37
(b) Other provisions				
(i) Provision for VAT, entry tax and sales tax [refer note 36]	-	2,747.04	-	2,538.75
(ii) Provision for cross subsidy surcharge payable [refer note 36]	-	601.00	-	601.00
(iii) Provision for interest on income tax [refer note 36]	-	2,067.62	-	1,887.91
Total provisions	**1,190.03**	**5,497.13**	**1,168.89**	**5,145.03**

15 Deferred tax liabilities (net)

The following is the analysis of deferred taxes presented in the Standalone balance sheet:

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Deferred tax liabilities	3,216.51	3,087.66
Deferred tax assets	(1,396.03)	(1,289.45)
Deferred tax liabilities (net)	**1,820.48**	**1,798.21**

Notes to the Standalone Financial Statements

The balances comprises temporary differences attributable to:

Rs. in lacs

	Deferred tax liability/ (asset) as at 31 March, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax liability/ (asset) as at 31 March, 2019
Deferred tax liabilities				
(i) Property, plant and equipment and intangible assets	3,087.66	(128.34)	-	2,959.32
(ii) Fair valuation of equity instruments designated as FVOCI	-	-	257.19	257.19
	3,087.66	**(128.34)**	**257.19**	**3,216.51**
Deferred tax assets				
(i) Amount allowable on payment basis as per section 43B of Income-tax Act, 1961	(1,289.45)	(38.95)	(3.35)	(1,331.75)
(ii) Amount allowable under Income-tax on deferred basis	-	(64.28)	-	(64.28)
	(1,289.45)	**(103.23)**	**(3.35)**	**(1,396.03)**
Deferred tax liabilities (net)	**1,798.21**	**(231.57)**	**253.84**	**1,820.48**

Note :

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

16 Trade payables

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	106.62	176.10
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(a) Trade payables for supplies and services	5,973.41	5,321.45
(b) Trade payables for accrued wages and salaries	1,430.06	1,192.61
Total Trade Payables	**7,510.09**	**6,690.16**
Trade payable to related parties	3,030.71	2,204.09
Trade payable other than related parties	4,479.38	4,486.07
Total Trade Payables	**7,510.09**	**6,690.16**

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.

Notes to the Standalone Financial Statements

Rs. in lacs

		As at 31 March, 2019	As at 31 March, 2018
(a)	(i) The principal amount remaining unpaid to supplier as at end of the accounting year	106.62	176.10
	(ii) Interest due thereon remaining unpaid to supplier as at end of the accounting year	-	-
(b)	the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c)	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d)	the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(e)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, 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 liquidity risk relating to Trade payables.

17 Other current liabilities

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Advances from customers*	688.73	110.61
(b) Other payables		
(i) Employee recoveries and employer contributions	62.13	62.14
(ii) Statutory liabilities (GST, Excise duty, service tax, sales tax, TDS, etc.)	1,496.90	1,993.37
Total other current liabilities	**2,247.76**	**2,166.12**

*Advances from customers appearing at the beginning of the year has been entirely adjusted against revenue recognised during the year.

18 Other financial liabilities

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Creditors for capital supplies and services	32.13	72.62
(b) Unpaid dividends	267.12	227.33
(c) Other credit balances	125.98	122.83
Total Other financial liabilities	**425.23**	**422.78**

Notes to the Standalone Financial Statements

19 Current tax liabilities (net)

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Provision for tax [net of advance tax of **Rs. 24,164.03 lacs** (As at 31 March 2018: Rs. 17,589.03 lacs)]	5,390.33	5,390.33
Total current tax liabilities (net)	**5,390.33**	**5,390.33**

19 A Non current tax assets (net)

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Advance tax and Tax Deducted at Sources [net of provision of **Rs. 26,309.67 lacs** (As at 31 March, 2018: Rs. 26,309.67 lacs)]	2,973.73	2,812.63
Total non current tax assets (net)	**2,973.73**	**2,812.63**

20 Revenue from operations

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Revenue from contracts with customers		
(i) Sale of sponge iron (including excise duty - **NIL** (Year ended 31 March 2018: Rs.1,647.81 lacs)	92,975.34	75,516.55
(ii) Sale of power	5,332.10	5,541.36
(b) Other operating revenue		
-Sale of iron ore fines, coal fines, char etc.	897.86	606.63
Revenue from operations	**99,205.30**	**81,664.54**

Note:

(i) The Company has adopted Ind AS 115 - Revenue from Contract with Customers with full retrospective effect. Such adoption did not result into any adjustments in the standalone financial statements.

(ii) Revenue recognised from sale of sponge iron and sale of power represents contracted prices with the customer and did not include any adjustments to the contracted price.

(iii) Post applicability of Goods and Services Tax ('GST') with effect from 1 July, 2017, revenue from operations is disclosed net of GST. Accordingly the revenue from operations for year ended 31 March, 2019 are exclusive of GST whereas the amounts for the year ended 31 March, 2018 includes applicable excise duty and hence not comparable.

Notes to the Standalone Financial Statements

21 Other income

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Interest income earned on financial assets that are not designated at fair value through Profit or Loss		
(i) Bank deposits carried at amortised cost	3,313.27	2,398.13
(ii) Other financial assets carried at amortised cost	602.71	364.42
(b) Dividend income		
(i) From equity investments *	88.00	74.48
(ii) From Investment in Mutual fund (Current)	675.16	1,121.54
(c) Net gains / (losses) on fair value changes		
(i) Net gain / (loss) on fair value changes of financial assets carried at FVTPL (Current)	(2.19)	4.41
(ii) Net gain on fair value changes of financial assets carried at FVTPL (Non - current)	735.89	91.68
(iii) Net gain on sale of current investments	0.79	-
(d) Net gain on disposal of property plant and equipment	6.59	-
(e) Net gain on foreign currency transactions	-	32.11
(f) Liabilities no longer required written back	191.22	0.29
(g) Other non-operating income	154.95	214.15
Total other income	**5,766.39**	**4,301.21**

Note :

* Represents dividend on equity instruments designated as fair value through other comprehensive income, which are held as at the reporting date.

22 Cost of materials consumed

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Opening stock	6,858.03	3,854.26
Add: Purchases of materials	73,813.89	53,062.08
	80,671.92	**56,916.34**
Less: Closing stock	9,803.15	6,858.03
Total cost of materials consumed	**70,868.77**	**50,058.31**
Cost of materials consumed comprises		
(a) Iron ore	32,263.59	17,724.81
(b) Coal	38,055.61	31,866.75
(c) Dolomite	549.57	466.75
Total cost of materials consumed	**70,868.77**	**50,058.31**

Notes to the Standalone Financial Statements

23 Changes in inventories of finished goods

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Finished goods		
Opening stock	691.58	218.11
Less: Closing stock	677.75	691.58
Net (increase) / decrease in finished goods	**13.83**	**(473.47)**

24 Employee benefits expense

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Salaries and wages	3,767.66	3,425.09
(b) Contribution to provident and other funds	404.96	398.52
(c) Staff welfare expenses	314.13	356.83
Total employee benefits expense	**4,486.75**	**4,180.44**

25 Finance costs

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest expenses		
Interest on statutory dues	302.18	324.67
Total finance costs	**302.18**	**324.67**

26 Depreciation and amortisation expense

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Depreciation of property, plant and equipment (Refer Note 03)	983.98	1,062.67
(b) Amortisation of intangible assets (Refer Note 04)	173.92	167.61
Total depreciation and amortisation expenses	**1,157.90**	**1,230.28**

Notes to the Standalone Financial Statements

27 Other expenses

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Consumption of stores and spare parts	1,026.42	1,032.29
(b) Fuel oil consumed	107.87	111.78
(c) Purchase of power	20.87	10.01
(d) Rent [refer note 38]	81.23	79.29
(e) Repairs to buildings	656.62	378.67
(f) Repairs to machinery	1,544.60	1,365.32
(g) Insurance	81.35	70.09
(h) Rates and taxes	898.27	996.79
(i) Freight and handling charges	784.54	698.56
(j) Commission, discounts and rebates	42.64	42.10
(k) Packing and forwarding	508.02	488.09
(l) Excise duty on change in finished goods	-	(35.55)
(m) Other expenses		
(1) Legal and professional costs	653.62	657.75
(2) Advertisement, promotion and selling expenses	42.99	33.18
(3) Travelling expenses	186.46	136.93
(4) Loss on disposal of property plant and equipment	-	3.49
(5) Net Loss on foreign currency transactions	252.31	-
(6) Corporate social responsibility expenses [refer note 39]	236.25	180.46
(7) Other general expenses (*)	2,241.61	1,730.13
Total other expenses	**9,365.67**	**7,979.38**

(*) Includes R&D expenses amounting to **Rs. 11.70 lacs** (31 March, 2018 Rs. 11.40 lacs) paid to Indian Institute of Technology, Bhubaneswar.

27.1 Payments to auditors

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(1) Auditors remuneration and out-of-pocket expenses		
(i) As auditors - statutory audit	9.72	9.72
(ii) As auditors - quarterly audits	6.00	7.60
(iii) As auditors - tax audit	1.60	2.02
(iv) Auditors out-of-pocket expenses	2.34	6.13
	19.66	**25.47**

Notes to the Standalone Financial Statements

27.1A Income tax recognised in Standalone Statement of Profit and Loss

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Current tax		
On profit for current year	6,575.00	7,099.00
	6,575.00	**7,099.00**
Deferred tax (Refer Note 15)		
In respect of the current year	(231.57)	(166.38)
	(231.57)	**(166.38)**
Total tax expense (Refer reconciliation below)	**6,343.43**	**6,932.62**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Profit before tax	18,776.59	21,018.33
Income tax expense calculated at enacted Income tax rate of **34.944%** (31 March, 2018 : 34.608%)	6,561.29	7,274.02
Effect of income that is exempt from taxation	(266.68)	(447.17)
Effect of expenses that are not deductible in determining taxable profit	64.71	105.67
Others	(15.89)	0.10
Income tax expense recognised in Standalone Statement of Profit and Loss	**6,343.43**	**6,932.62**

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 considered 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

Notes to the Standalone Financial Statements

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, 2019 and 31 March, 2018 were past due or impaired. Total trade receivables, of **Rs.7,845.45 lacs** as at 31 March, 2019 and Rs.5,880.50 lacs as at 31 March, 2018 consisted of customer balances that were neither past due nor impaired.

(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. 7000.00 lacs** (31 March, 2018: Rs. 11,000.00 lacs).
The Company has also Non-Fund based facilities with banks for **Rs.14,815.00 lacs** (31 March, 2018: Rs. 31,315.00 lacs) which may be utilised at any time 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, 2019		
Trade payables	7,510.09	-
Other financial liabilities - current	425.23	-
As at 31 March, 2018		
Trade payables	6,690.16	-
Other financial liabilities - current	422.78	-

(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 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.

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, 2019	Year ended 31 March, 2018
NAV -Increase by 1%*	229.24	197.77
NAV -Decrease by 1%*	(229.24)	(197.77)

* 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:

(i) 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.

(ii) Dividends on Equity Shares

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Dividend Declared and Paid during the year		
Final dividend for the year ended 31 March, 2018 of **Rs. 20.00** (31 March, 2017 – Rs. 11.00) per fully paid share	3,080.00	1,694.00
Dividend Distribution Tax on above	633.10	344.86
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. 12.50 (for the year ended 31 March 2018: Rs. 20.00) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,925.00	3080.00
Dividend Distribution Tax on above	395.69	633.10

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, 2019 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	22,923.79	-	-	22,923.79
Investment in body corporates	-	1,328.00	-	1,328.00
Trade receivables	-	-	7,845.45	7,845.45
Loans	-	-	238.31	238.31
Cash and cash equivalents	-	-	16,319.33	16,319.33
Other bank balances	-	-	18,420.38	18,420.38
Other financial assets - non-current	-	-	86.45	86.45
Other financial assets - current	-	-	1,294.06	1,294.06
Total	**22,923.79**	**1,328.00**	**44,203.98**	**68,455.77**
Liabilities:				
Trade payables	-	-	7,510.09	7,510.09
Other financial liabilities - current	-	-	425.23	425.23
Total	**-**	**-**	**7,935.32**	**7,935.32**

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	19,777.13	-	-	19,777.13
Investment in body corporates	-	80.00	-	80.00
Trade receivables	-	-	5,880.50	5,880.50
Loans	-	-	267.49	267.49
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**	**55,650.83**	**75,507.96**
Liabilities:				
Trade payables	-	-	6,690.16	6,690.16
Other financial liabilities - current	-	-	422.78	422.78
Total	**-**	**-**	**7,112.94**	**7,112.94**

Notes to the Standalone Financial Statements

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, 2018.

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.

The Company'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, 2019	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in mutual funds	22,923.79	22,923.79	-	-
	(19,777.13)	**(19,777.13)**	**-**	**-**
Investment in equity instruments at FVTOCI (Unquoted)	1,328.00	-	-	1,328.00
	(80.00)	**-**	**-**	**(80.00)**
Total financial assets	24,251.79	**22,923.79**	**-**	**1,328.00**
	(19,857.13)	**(19,777.13)**	**-**	**(80.00)**

Figures in brackets represents balances for the previous year

Notes to the Standalone Financial Statements

Rs. in lacs

Movement in Level 3 Investments	Year ended 31 March, 2019	Year ended 31 March, 2018
Opening as on 1 April 2019	**80.00**	**80.00**
Changes in fair value recognised in OCI	(1,248.00)	-
Closing as on 31 March 2019	**1,328.00**	**80.00**

Valuation technique used for Level 3 investments

Fair valuation of the equity investments have been determined using the discounted cash flow model. Significant unobservable inputs used in the valuation were earnings growth rate and risk adjusted discount rates.

The increase / decrease of 1% in earnings growth rate (keeping other variables constant) would result into an increase / decrease in fair value by **Rs. 16.00 lacs and Rs.16.00 lacs** respectively.

The increase / decrease in 1% risk adjusted discount rate (keeping other variables constant) would result into decrease / increase in fair value by **Rs. 64.00 lacs and Rs. 72.00 lacs** respectively.

29 Earnings per share

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Net profit for the year (Rs. in lacs)	12,433.16	14,085.71
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.)	80.73	91.47

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, 2019	As at 31 March, 2018
(a) Claims against the Company not acknowledged as debts;		
(a) Income tax	159.28	159.28
(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	**9,959.78**

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

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(b) Other money for which the Company is contingently liable		
(i) Renewable energy purchase obligation	632.89	632.89
(ii) Excise Duty	2,946.30	2,472.85
	3,579.19	**3,105.74**

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 denied and consequently the Company had filed a case before Appellate Tribunal of Electricity ("ATE"). Appeal filed by the Company before ("ATE") was allowed and the matter stands remitted back to the OERC for reconsideration afresh. As a matter of prudence, pending finalisation of the matter, an amount of Rs. 601.00 lacs provided in the year ended 31 March, 2015, is being continued.

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

The High Court directed the Sales Tax Authorities to refund the amount after ascertaining that the said refund shall not unjustly enrich the Company. The Sales Tax Officer passed the order stating that the refund shall unjustly enrich the Company against which the Company has filed a writ petition in the High Court challenging the correctness of the assessment and the same is pending. 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 had 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. The bank guarantee expired after 30 November 2015 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 of coal block 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 had 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, 2019 aggregates to **Rs. 18,040.96 lacs** (31 March, 2018: Rs. 18,040.96 lacs), and the carrying amount in the books net of depreciation and write off as at 31st March, 2019, is **Rs. 17,905 lacs** (31 March, 2018 Rs. 17,917 lacs).

(ii) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India had 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 directives of MoC vide its letter dated 1 February,2018 and as per details prescribed by Nominated Authority ,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. 244.88 lacs** (As at 31 March, 2018: Rs. 156.95 lacs) Net of advances **Rs.0.31 lacs** (As at 31 March, 2018 Rs. 0.31 lacs.)

33. Related party transaction

(A) Related Parties

Name of Related Party	Relationship
Tata Sons Private Limited [Formerly Tata Sons Limited]	Company having significant Influence over the Holding Company
Where Control exists	
Tata Steel Limited	Holding Company
TSIL Energy Limited	Wholly owned subsidiary Company
Others with whom transactions have taken place during the current or previous 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 Private Limited
Tata International Singapore PTE Limited	
TC Travel & Services Limited	
TRL Krosaki Refractories Limited	Associate of Tata Steel Limited (till 28 December, 2018)

Notes to the Standalone Financial Statements

Name of Related Party	Relationship
Mr. Sanjay Kumar Pattnaik	Key Managerial personnel - Managing Director (MD)
Mr. T V Narendran (w.e.f. 12 January 2019)	Key Managerial personnel -Non- Executive Director (NED)
Mr. Koushik Chatterjee (w.e.f. 12 January 2019)	
Dr. Sougata Ray (w.e.f. 12 January 2019)	
Mr. A M Misra (up to 12 January 2019)	
Mr. D K Banerjee	
Mr. P C Parakh	
Mr. Manoj T Thomas	
Mr. Krishnava S Dutt (Up to 11 October 2018)	
Mr. R Ranganath (up to 12 January 2019)	
Mrs. Meena Lall	
Dr. Omkar N Mohanty	
Mr. Bimlendra Jha (from 12 January, 2019 to 7 February, 2019)	
Mr. Ashish Anupam (w.e.f. 14 March 2019)	
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

Particulars	Sale of goods		Purchase of goods		Dividend income		Dividend paid	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Holding Company								
Tata Steel Limited	806.71	311.77	26,960.92	18,006.49	-	-	1,678.71	923.29
Total	**806.71**	**311.77**	**26,960.92**	**18,006.49**	**-**	**-**	**1,678.71**	**923.29**
Fellow subsidiary								
The Indian Steel and Wire Products Limited	-	-	3.14	3.13	-	-	-	-
Tata Metaliks Limited	43.81	198.37	-	-	-	-	-	-
Tata Pigments Limited	-	-	-	-	-	-	-	-
Total	**43.81**	**198.37**	**3.14**	**3.13**	**-**	**-**	**-**	**-**
Associate of Tata Steel								
TRL Krosaki Refractories Limited	-	-	74.78	57.68	-	-	-	-
Total	**-**	**-**	**74.78**	**57.68**	**-**	**-**	**-**	**-**
Joint venture of Tata Steel								
Jamipol Limited	-	-	-	-	88.00	74.48	-	-
Tata Bluescope Steel Limited	-	-	88.84	56.67	-	-	-	-
Total	**-**	**-**	**88.84**	**56.67**	**88.00**	**74.48**	**-**	**-**
Subsidiary of Tata Sons Private Limited								
Tata International Limited	9,882.23	8,605.84	-	2,227.43	-	-	-	-
Tata International Singapore PTE Limited	-	-	28,056.59	20,239.97	-	-	-	-
Total	**9,882.23**	**8,605.84**	**28,056.59**	**22,467.40**	**-**	**-**	**-**	**-**

Notes to the Standalone Financial Statements

Rs. in lacs

Particulars	Sale of power		Services received		Reimbursement of expenses		Services rendered	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Company having significant influence								
Tata Sons Private Limited	-	-	276.01	214.55	-	-	-	-
Total	**-**	**-**	**276.01**	**214.55**	**-**	**-**	**-**	**-**
Holding Company								
Tata Steel Limited	4,314.52	5,512.26	94.22	40.29	-	-	6.96	-
Total	**4,314.52**	**5,512.26**	**94.22**	**40.29**	**-**	**-**	**6.96**	**-**
Fellow subsidiary								
The Tinplate Company of India Limited	-	-	0.03	0.03	-	-	-	-
Jamshedpur Utilities & Services Company Limited	-	-	0.02	-	-	-	-	-
Total	**-**	**-**	**0.05**	**0.03**	**-**	**-**	**-**	**-**
Joint Venture of Tata Steel								
TM International Logistics Limited	-	-	749.80	713.22	640.45	619.90	-	-
mjunction services limited	-	-	-	2.36	-	-	-	-
Total	**-**	**-**	**749.80**	**715.58**	**640.45**	**619.90**	**-**	**-**
Subsidiary of Tata Sons Private Limited								
Tata International Limited	-	-	-	-	243.95	666.75	-	-
Tata International Singapore PTE Limited	-	-	-	-	147.94	208.90	-	-
TC Travel & Services Limited	-	-		33.68	-	34.77	-	-
Total	**-**	**-**	**-**	**33.68**	**391.89**	**910.42**	**-**	**-**

Rs. in lacs

(C) Compensation of key managerial personnel	Year ended 31 March, 2019	Year ended 31 March, 2018
MD		
Remuneration		
-Short term Employee Benefits	321.49	176.12
-Post Employment Benefits	31.29	25.65
Total	**352.78**	**201.77**
NED		
Sitting Fees		
Mr. A M Misra	3.25	2.30
Mr. D K Banerjee	3.95	2.85
Mr. Manoj T Thomas	3.90	2.70
Mr. P C Parakh	4.10	3.10
Dr. Omkar N Mohanty	4.10	3.30
Mr. Krishnava S Dutt	0.70	1.15
Dr. Sougata Ray	0.85	-

Notes to the Standalone Financial Statements

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Commission		
Mr. A M Misra	8.50	7.83
Mr. D K Banerjee	6.12	5.65
Mr. P C Parakh	7.82	8.70
Mr. Manoj T Thomas	7.14	6.09
Dr. Omkar N Mohanty	6.12	6.52
Mr. Krishnava S Dutt	1.36	2.61
Dr. Sougata Ray	2.04	-
Total	**59.95**	**52.80**

(D) Contribution to PEBP

Tata Sponge Iron Limited Employee Provident Fund Trust	200.24	193.68
Tata Sponge Iron Limited Superannuation Fund	106.58	107.69
Tata Sponge Iron Limited Gratuity Fund	98.15	97.14
Total	**404.97**	**398.51**

(E) Pursuant to approval of Board Directors, the Company has paid / provided an amount of Rs. 133.49 lacs as part of long term incentive plan (LTIP) to the Managing Director which is in lieu of the earlier "Special Retirement Benefit Scheme". The amount paid / provided as aforesaid, is within the limits prescribed under section 197 of the Companies Act, 2013. The Company would seek the shareholders' approval / ratification for payment of LTIP in the ensuing annual general meeting.

(F) Balances Outstanding

Particulars	Trade receivables		Trade payables		Advances		Investments	
	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
Company having significant influence								
Tata Sons Private Limited	-	-	240.96	189.21	-	-	-	-
Holding Company								
Tata Steel Limited	708.68	585.57	2,555.22	1,989.19	-	-	-	-
Fellow subsidiary								
Tata Metaliks Limited	-	43.43	-	-	-	-	-	-
The Tinplate Company of India Limited	-	-	-	0.01	-	-	-	-
The Indian Steel and Wire Products Limited	-	-	0.51	0.83	-	-	-	-
Joint venture of Tata Steel								
TM International Logistics Limited	-	-	-	-	80.30	50.98	-	-
Tata Bluescope Steel Limited	-	-	-	23.16	-	-	-	-
Jamipol Limited	-	-	-	-	-	-	80.00	80.00
Subsidiary of Tata Sons Private Limited								
Tata International Limited	488.81	-	-	-	-	-	-	-
Tata International Singapore PTE Limited	-	-	234.02	-	-	-	-	-
TC Travel & Services Limited	-	-	-	1.69	-	-	-	-
Total	**1,197.49**	**629.00**	**3,030.71**	**2,204.09**	**80.30**	**50.98**	**80.00**	**80.00**

Notes to the Standalone Financial Statements

Rs. in lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
MD		
Other Current Liabilities	6.23	6.23
NED		
Other Current Liabilities		
Mr. A M Misra	8.50	7.83
Mr. D K Banerjee	6.12	5.65
Mr. Manoj T Thomas	7.14	8.70
Mr. P C Parakh	7.82	6.09
Dr. Omkar N Mohanty	6.12	6.52
Mr. Krishnava S Dutt	1.36	2.61
Dr. Sougata Ray	2.04	-
Total	**45.33**	**43.63**

34 Employee benefits

(a) Superannuation

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Contribution to superannuation fund	106.58	107.69
	106.58	**107.69**

(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.

Notes to the Standalone Financial Statements

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, 2019 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 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 Company. The provisions of the above benefits can only be given after signing the agreement containing the no-compete clause. The liabilities are not funded by the Company and disclosed as defined benefit plan.

Details of the funded gratuity and unfunded post retirement pension are as follows:

		Year ended 31 March, 2019		Year ended 31 March, 2018	
		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	1,778.80	1,169.93	1,783.95	1,277.01
b.	Current service cost	96.78	-	97.14	-
c.	Interest cost	127.52	84.95	119.78	86.79
d.	Remeasurement (gains)/losses				
(i)	Actuarial gains and losses arising from changes in demographic assumption	-	-	6.41	-
(ii)	Actuarial gains and losses arising from changes in financial assumption	-		(50.12)	(63.63)
(iii)	Actuarial gains and losses arising from changes in experience adjustments	6.69	16.07	(35.96)	(55.82)
e.	Benefits paid	(157.11)	(74.42)	(145.58)	(74.42)
f.	Past service costs	-	-	-	-
g.	Acquisition cost	-	-	3.18	-
	Closing defined benefit obligation	**1,852.68**	**1,196.53**	**1,778.80**	**1,169.93**
2	**Movements in the fair value of the plan assets are as follows:**				
a.	Opening fair value of plan assets	1,753.11	-	1,783.94	-
b.	Interest income	126.15	-	119.78	-
c.	Remeasurement gains/(losses)				
	Return on plan assets (excluding amounts included in net interest expense)	8.41	-	(33.40)	-
d.	Contributions from the employer	122.12	-	25.19	-
e.	Benefits paid	(157.11)	-	(145.58)	-
f.	Acquisition cost	-	-	3.18	-
	Fair value of plan assets as at end of the year	**1,852.68**	**-**	**1,753.11**	**-**

Notes to the Standalone Financial Statements

		As at 31 March, 2019		As at 31 March, 2018	
		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	1,852.68	-	1,753.11	-
b.	Present value of funded/unfunded defined benefit obligation as at the end of the year	1,852.68	1,196.53	1,778.80	1,169.93
c.	Amount recognised in the balance sheet				
	(i) Retirement benefit liability - Current	-	74.24	25.69	70.23
	(ii) Retirement benefit liability - Non current	-	1,122.29	-	1,099.70

4. Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:

		Year ended 31 March, 2019		Year ended 31 March, 2018	
		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				
	Current service cost	96.78	-	97.14	-
b.	Net interest expense	1.37	84.95	-	86.79
	Components of defined benefit costs recognised in profit or loss	**98.15**	**84.95**	**97.14**	**86.79**
	Remeasurement on the net defined benefit liability:				
c.	The return on plan assets (excluding amounts included in net interest expense)	(8.41)	-	33.40	-
d.	Actuarial gains and losses arising from changes in demographic assumption	-	-	6.41	-
e.	Actuarial gains and losses arising from changes in financial assumption	-	-	(50.12)	(63.63)
f.	Actuarial gains and losses arising from changes in experience adjustments	6.69	16.07	(35.96)	(55.82)
	Defined benefit costs recorded in Other comprehensive income	**(1.72)**	**16.07**	**(46.27)**	**(119.45)**
Total of defined benefit costs		**96.43**	**101.02**	**50.87**	**(32.66)**

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, 2019	As at 31 March, 2018
Category of Plan Assets:	In %	In %
Funded with LIC	**100%**	**100%**

Notes to the Standalone Financial Statements

6. The principal assumptions used for the purposes of the actuarial valuations were as follows:

		As at 31 March, 2019		As at 31 March, 2018	
		Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
a.	Discount rate (per annum)	7.50%	7.50%	7.50%	7.50%
b.	Expected rate of salary increase (per annum)	8.00%	6.00%	8.00%	6.00%
c.	Mortality rate	Indian Assured Lives Mortality (2006-08) ult.	LIC (1996-98) Annuitants ultimate	Indian Assured Lives Mortality (2006-08) ult.	LIC (1996-98) Annuitants ultimate
d.	Withdrawal rate				
	- Ages from 20-25	1.00%	Refer Note below	1.00%	Refer Note below
	- Ages from 25-30				
	- Ages from 30-35				
	- Ages from 35-50				
	- Ages from 50-55				
	- Ages from 55-58				

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.

7 Duration

Weighted average duration of the defined benefit obligation (Active members)	As at 31 March, 2019		As at 31 March, 2018	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
Number of years	6	11	7	11

	As at 31 March, 2019		As at 31 March, 2018	
	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	262.71	76.98	145.39	72.81
1-2 year	214.52	79.41	267.30	75.34
2-5 years	869.84	250.62	750.54	230.49
Over 5 years	1,025.40	852.56	1,220.39	718.22

8. The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

		As at 31 March, 2019		As at 31 March, 2018	
		Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
		Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
	Present value of defined benefit obligation	1,852.68	1,196.53	1,778.80	1,169.93
	Fair value of plan assets	1,852.68	-	1,753.11	-
	Funded status	**-**	**(1,196.53)**	**(25.69)**	**(1,169.93)**
	Expected contribution (best estimate) to funded plans in subsequent financial year	-	NA	25.69	NA

Notes to the Standalone Financial Statements

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.93.93 lacs** (increase by **Rs. 106.83 lacs**) [as at 31 March, 2018: decrease by Rs. 104.19 lacs (increase by Rs. 92.58 lacs)].

ii) If the expected salary growth increases/ (decreases) by 100 basis points, the defined benefit obligation would increase by **Rs. 105.29 lacs** (decrease by **Rs. 94.37 lacs**) [as at 31 March, 2018: increase by Rs. 102.96 lacs (decrease by Rs. 93.23 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. 115.06 lacs** (increase by **Rs. 137.54 lacs**) [as at 31 March, 2018: decrease by Rs. 135.73 lacs (increase by Rs. 113.35 lacs)] .

ii) If the expected salary growth increases/ (decreases) by 100 basis points, the defined benefit obligation would increase by **Rs. 138.25 lacs** (decrease by **Rs. 117.56 lacs**) [as at 31 March, 2018: increase by Rs. 136.78 lacs (decrease by Rs. 116.07 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.

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.

(c) Details of the unfunded PRMB are as follows:

		Year ended 31 March, 2019	Year ended 31 March, 2018
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
1	***Reconciliation of opening and closing balances of obligation***		
a.	Opening defined benefit obligation	76.56	81.02
b.	Interest cost	5.65	5.48
c.	Remeasurement (gains)/losses		
(i)	Actuarial gains and losses arising from changes in financial assumption	-	(3.01)
(ii)	Actuarial gains and losses arising from changes in experience adjustments	(4.76)	(1.42)
d.	Benefits paid	(2.35)	(5.51)
e.	Past service costs	-	-
	Closing defined benefit obligation	**75.10**	**76.56**
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	75.10	76.56
c.	Amount recognised in the balance sheet		
(i)	Retirement benefit liability - current	7.35	7.37
(ii)	Retirement benefit liability - non current	67.75	69.19

Notes to the Standalone Financial Statements

3 *Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:*

		As at 31 March, 2019	As at 31 March, 2018
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
a.	Service cost		
	(i) Current service cost	-	-
	(ii) Past service cost	-	-
b.	Net interest expense	5.65	5.48
Components of defined benefit costs recognised in profit or loss		**5.65**	**5.48**
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	(4.76)	(1.42)
Components of defined benefit costs recorded in other comprehensive income		**(4.76)**	**(4.43)**
Total		**0.89**	**1.05**

4 *The principal assumptions used for the purposes of the actuarial valuations were as follows:*

Rs. in lacs

		As at 31 March, 2019	As at 31 March, 2018
a.	Discount rate (per annum)	7.50%	7.50%
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 The average duration of the defined benefit plan obligation representing average duration for active members is **8** years (As at 31 March, 2018: 8 years).

6 *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. 5.36 lacs** (increase by **Rs. 6.20 lacs**) [as at 31 March, 2018: decrease by Rs. 6.32 lacs (increase by Rs. 5.47 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.

Notes to the Standalone Financial Statements

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.
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 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

Rs. in lacs

Particulars	Refer Note below	As at 31 March, 2019	As at 31 March, 2018
(i) Discount rate (per annum)	1	7.50%	7.50%
(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 Company receive provident fund benefits, which are administered by the Provident Fund Trust exempted under section 17(1)(a) of Employees Provident Fund and Miscellaneous 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 Trustees 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.

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.200.24 lacs** (31 March, 2018: Rs.193.68 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, 2019	As at 31 March, 2018
Discount rates	7.50%	7.50%
Expected yield on plan assets	8.75%	8.75%
Guaranteed Interest Rate	8.65%	8.55%

Notes to the Standalone Financial Statements

(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 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.

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.

(g) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, these aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in these standalone financial statements.

35 Segment Reporting

(a) 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.

Notes to the Standalone Financial Statements

(c) Segment Disclosures

Rs. in lacs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Segment revenue		
Sponge Iron	93,873.20	76,123.17
Power	7,004.84	7,243.08
Less: Inter segment transaction	(1,672.74)	(1,701.71)
	99,205.30	**81,664.54**
Segment results		
Sponge Iron	9,427.90	12,471.38
Power	4,120.73	4,750.88
Unallocated income/(expenditure)*	5,530.14	4,120.74
Profit Before Finance Cost and Tax	**19,078.77**	**21,343.00**
Less: Finance costs	302.18	324.67
Profit before tax	**18,776.59**	**21,018.33**
Less: Tax expenses	6,343.43	6,932.62
Profit after tax	**12,433.16**	**14,085.71**
Other comprehensive income	984.57	111.25
Total comprehensive income for the year	**13,417.73**	**14,196.96**

* Includes Interest Income earned during the year **Rs. 3,915.98 lacs** (year ended 31 March, 2018 : Rs. 2,762.55 lacs)

Segment assets and liabilities

Rs. in lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Segment assets		
Sponge Iron	66,012.36	44,572.31
Power	4,262.29	4,573.24
Unallocated	62,153.63	72,278.57
	1,32,428.28	**1,21,424.12**
Segment liabilities		
Sponge Iron	13,932.33	12,766.49
Power	603.18	711.24
Unallocated	9,545.54	9,303.79
	24,081.05	**22,781.52**

Notes to the Standalone Financial Statements

(d) Name of customers who contributed 10% or more to the Company's revenue:

(Rs. in lacs)

Name of customer	Year ended 31 March, 2019	Year ended 31 March, 2018
A. Sponge Iron		
K.D Iron & Steel Co.	-	7,898.63
Lhaki Steels & Rolling Private Limited	14,271.04	9,328.79
Sponge Sales India Pvt. Ltd	13,064.93	8,028.80
TATA International Ltd.	9,872.36	7,848.18
	37,208.33	**33,104.40**
B. Power		
Tata Steel Limited	4,314.52	5,457.67
	4,314.52	**5,457.67**
	41,522.85	**38,562.07**

(e) Information about geographical areas revenue :

(Rs. in lacs)

	Year ended 31 March, 2019	Year ended 31 March, 2018
India	73,087.20	63,952.66
Outside India*	19,888.14	11,563.89
* Outside India represents sale to customers in Bhutan	**92,975.34**	**75,516.55**

(f) Additions to Non - Current assets

(Rs. in lacs)

	As at 31 March, 2019	As at 31 March, 2018
Sponge Iron	8,455.13	682.55
Power	-	-
Unallocated	-	-
	8,455.13	**682.55**

(g) Depreciation and amortisation

(Rs. in lacs)

	Year ended 31 March, 2019	Year ended 31 March, 2018
Sponge Iron	916.97	989.34
Power	240.93	240.94
Unallocated	-	-
	1,157.90	**1,230.28**

(h) There were no material non-cash expenditure incurred during the current and previous year.

Notes to the Standalone Financial Statements

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

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

Rs. in lacs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Carrying amount as at beginning of the year	2,538.75	2,512.77	601.00	601.00	1,887.91	1,589.31
Provision made during the year	122.46	25.98	-	-	179.71	298.60
Amount paid during the year	-	-	-	-	-	-
Amount reversed during the year	55.46	-	-	-	-	-
Carrying amount as at the end of the year	2,605.75	2,538.75	601.00	601.00	2,067.62	1,887.91
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.

Notes to the Standalone Financial Statements

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. 81.23 lacs** (31 March 2018: Rs. 79.29 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, 2019 : **Rs. 223.44 lacs** (year ended 31 March, 2018 Rs. 179.22 lacs)

b. Amount spent during the year ended 31 March, 2019 (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	163.50	72.75	236.25
		(125.36)	(55.10)	(180.46)
	Total	**163.50**	**72.75**	**236.25**
		(125.36)	**(55.10)**	**(180.46)**

40 The Company did not have any material foreseeable losses on long-term contracts as at 31 March, 2019. The Company did not have any derivative contracts as at 31 March, 2019.

41 Pursuant to the Business Transfer Agreement ('BTA') entered into between Tata Steel Limited (Company's holding company) and Usha Martin Limited ('UML') on September 22, 2018, its subsequent novation in favour of the Company and approval by the Company's shareholders, the acquisition of steel business of UML has been completed on April 9, 2019 ('Acquisition date') inter-alia with payment of cash consideration of Rs. 346,863.36 lacs (after adjustments for negative working capital and hold backs of Rs. 64,000.00 lacs pending transfer of some of the assets including mines and certain land parcels) and compliance with other relevant conditions precedents specified in the BTA by respective parties. TSIL will get back Rs.1,456.53 lacs for steel business BGs. The acquisition would help the Company to diversify beyond sponge iron business and enter into steel business with a focus on specialty long products portfolio.

The acquisition date being subsequent to the balance sheet date, no adjustments have been made in the standalone financial statements for the year ended 31 March, 2019. The Company inter-alia is in the process of determining the fair values of acquired assets and liabilities and accordingly the initial accounting for the business combination is not complete and therefore, no further disclosures are applicable.

42 Standards issued and but not yet effective

The Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 including the following amendments to Ind AS which the Company has not applied in these standalone financial statements as they are effective for annual periods beginning on or after 1 April, 2019.

Ind AS 116 – 'Leases'

Ind AS 116 will impact primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet.
The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for almost all lease contracts. An optional exemption exists for short-term and low-value leases.

Notes to the Standalone Financial Statements

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'

This appendix clarifies how the recognition and measurement requirements of Ind AS 12 'Income Taxes' are applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Company is in the process of evaluating the impact of adoption of above amendments on its standalone financial statements.

43 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. 4.82 lacs**, which is held in abeyance due to pending legal cases.

44 Details relating to Company's subsidiaries are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company	
			As at 31 March, 2019	As at 31 March, 2018
TSIL Energy Limited (Subsidiary)	Generation and sale of power *	India	100%	100%

* The Company 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Independent Auditor's Report

To the Members of Tata Sponge Iron Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Tata Sponge Iron Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2019, their consolidated total comprehensive income (comprising of profit and other comprehensive income), their consolidated changes in equity and their consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
(a) Recoverability of expenses incurred towards Radhikapur (East) Coal Block, Odisha; and (b) Appropriateness of disclosure of contingent liability in respect of performance guarantee for coal block allocation Refer Note 31 to the consolidated financial statements on Radhikapur (East) Coal Block The Group has financial exposure aggregating to Rs. 17,905 lacs (reflected in the consolidated financial statements as capital advances – Rs. 16,792 lacs, property, plant and equipment – Rs. 578 lacs, and capital work in progress – Rs. 535 lacs) incurred in earlier years, on the Radhikapur (East) Coal Block, which was deallocated pursuant to Order of the Hon'ble Supreme Court of India in 2014. Coal Mines (Special Provisions) Rules, 2014, promulgated pursuant to the aforesaid Order, prescribes that 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. The Group has submitted the statement of expenses and other details to the Nominated Authority of the Ministry of Coal ('MoC'). The above matter is pending as on the balance sheet date.	Our audit procedures included the following: (a) Evaluation of the design and testing of operating effectiveness of the controls implemented by the management to assess the recoverability of expenses incurred towards Radhikapur (East) Coal Block and related disclosures in the consolidated financial statements. (b) Obtained an understanding for the basis of the management's judgement including discussion with the Group's in-house legal counsel.

Key audit matter	How our audit addressed the key audit matter
The MoC issued notice for invocation of bank guarantee in November 2012 towards performance conditions for original allocation of the coal block amounting to Rs. 3,250 lacs, for which the Group filed a writ petition in Hon'ble High Court of Delhi. The bank guarantee had lapsed and not renewed after November 2015 as the Hon'ble High Court of Delhi had directed the Group to keep the bank guarantees live and MoC to take decision by that date, however, there was no communication from MoC by the said date. MoC again issued notice for invocation of bank guarantee / depositing amount in December 2015 for which the Group has again filed a writ petition before Hon'ble High Court of Delhi, which is pending adjudication. Pending finalisation of the matter, the amount has been disclosed as contingent liabilities. This was considered to be a key audit matter as significant judgements are involved regarding recoverability of the aforesaid amount incurred and possible obligation related to bank guarantee that is subject to decision / approvals of the regulatory authorities.	(c) Tested a sample of expenses incurred on the coal block. (d) Considered the legal opinion obtained by the management to understand the status and the management's assessment of the likely outcome of the on-going litigation. (e) Obtained evidence supporting the on-going discussions of the Group with the MoC / Nominated Authority of MoC. Based on the above work performed, we found the management's judgement on assessment of recoverability of the related expenses incurred and the disclosure of the contingent liability in respect of performance guarantee for coal block allocation, to be reasonable.

Other Information

5. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information in the Corporate Profile and the Director's Report along with the Annexures to the Director's Report included in the Holding Company's annual report (titled as Tata Sponge Iron Limited Integrated Report & Annual Accounts 2018-19), but does not include the financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

   In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

   We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

6. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

7. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

8. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
    - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
    - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

11. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

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

(e) On the basis of the written representations received from the directors of the Holding Company taken on record by the Board of Directors of the Holding Company and its subsidiary respectively, none of the directors of the Group is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group 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 Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2019 on the consolidated financial position of the Group – Refer Note 30 and 31 to the consolidated financial statements.

ii. The Group did not have any material foreseeable losses on long-term contracts as on March 31, 2019. There Group did not have any derivative contracts as at March 31, 2019. Refer Note 40 to the consolidated financial statements.

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, 2019, except for amounts aggregating to Rs. 4.82 lacs relating to the Holding Company, which according to information and explanations provided by management is held in abeyance due to pending legal cases. Refer Note 44 of the consolidated financial statements.

iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

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

Pinaki Chowdhury
Partner
Membership Number 057572

Kolkata
April 18, 2019

Annexure A to Independent Auditors' Report

Referred to in paragraph 14(f) of the Independent Auditors' Report of even date to the members of Tata Sponge Iron Limited on the consolidated financial statements as of and for the year ended March 31, 2019

Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

1. In conjunction with our audit of the consolidated financial statements of Tata Sponge Iron Limited (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of 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 and its subsidiary 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 with reference to financial statements 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 with reference to consolidated financial statements 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 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 Holding Company and its subsidiary Company's internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, 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/E-300009
Chartered Accountants

Pinaki Chowdhury
Partner
Membership Number 057572

Kolkata
April 18, 2019

Consolidated Balance Sheet

as at 31 March, 2019

Rs. in lacs

	Notes	As at 31 March, 2019	As at 31 March, 2018
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	03	21,973.09	14,666.50
(b) Capital work-in-progress	03	739.39	582.19
(c) Intangible assets	04	59.11	233.03
(d) Financial assets			
(i) Investments	05	12,155.56	7,171.68
(ii) Loans	06	11.28	15.29
(iii) Other financial assets	07	86.45	6,412.84
(e) Non current tax assets (net)	19 A	2,973.73	2,812.63
(f) Other non-current assets	08	24,822.36	17,478.59
Total non-current assets		**62,820.97**	**49,372.75**
(2) Current assets			
(a) Inventories	09	11,527.69	8,408.87
(b) Financial assets			
(i) Investments	05	12,217.37	12,800.83
(ii) Trade receivables	10	7,845.45	5,880.50
(iii) Cash and cash equivalents	11 (i)	16,320.64	11,251.88
(iv) Other bank balances	11 (ii)	18,420.38	30,911.33
(v) Loans	06	227.03	252.20
(vi) Other financial assets	07	1,294.06	929.29
(c) Other current assets	08	1,771.13	1,628.34
Total current assets		**69,623.75**	**72,063.24**
Total assets		**132,444.72**	**121,435.99**
Equity and liabilities			
(1) Equity			
(a) Equity share capital	12	1,540.00	1,540.00
(b) Other equity	13	106,822.74	97,112.60
Total equity		**108,362.74**	**98,652.60**
(2) Liabilities			
Non-current liabilities			
(a) Provisions	14	1,190.03	1,168.89
(b) Deferred tax liabilities (net)	15	1,820.48	1,798.21
Total non-current liabilities		**3,010.51**	**2,967.10**
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16		
(A) total outstanding dues of micro enterprises and small enterprises		106.62	176.10
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		7,404.40	6,515.93
(ii) Other financial liabilities	18	425.23	422.78
(b) Other current liabilities	17	2,247.76	2,166.12
(c) Provisions	14	5,497.13	5,145.03
(d) Current tax liabilities (net)	19	5,390.33	5,390.33
Total current liabilities		**21,071.47**	**19,816.29**
Total liabilities		**24,081.98**	**22,783.39**
Total equity and liabilities		**132,444.72**	**121,435.99**
Notes forming an integral part of the consolidated financial statements	1 to 45		

This is the Consolidated Balance Sheet referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2019

Rs. in lacs

		Notes	Year ended 31 March, 2019	Year ended 31 March, 2018
I	Revenue from operations	20	99,205.30	81,664.54
II	Other income	21	5,773.10	4,306.36
III	**Total income (I + II)**		**104,978.40**	**85,970.90**
IV	**Expenses:**			
	Cost of materials consumed	22	70,868.77	50,058.31
	Changes in inventories of finished goods	23	13.83	(473.47)
	Excise duty on sale of goods		-	1,647.81
	Employee benefits expense	24	4,486.75	4,180.44
	Finance costs	25	302.18	324.67
	Depreciation and amortisation expense	26	1,157.90	1,230.28
	Other expenses	27	9,366.87	7,982.29
	Total expenses (IV)		**86,196.30**	**64,950.33**
V	**Profit before tax (III - IV)**		18,782.10	21,020.57
VI	**Tax expense:**			
	(1) Current tax	27.1A	6,575.00	7,099.00
	(2) Deferred tax	15	(231.57)	(166.38)
	Total tax expense (VI)		**6,343.43**	**6,932.62**
VII	**Profit for the year (V - VI)**		**12,438.67**	**14,087.95**
VIII	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	(a) Remeasurement gain / (loss) of the defined benefit plans		(9.59)	170.13
	(b) Income tax relating to above		3.35	(58.88)
	(c) Changes in fair value of FVOCI equity instruments		1,248.00	-
	(d) Income tax relating to above		(257.19)	-
IX	**Total other comprehensive income**		**984.57**	**111.25**
X	**Total comprehensive income for the year (VII+VIII) (Comprising profit and other comprehensive income for the year)**		**13,423.24**	**14,199.20**
XI	**Earnings per equity share (face value of Rs. 10 each) :**			
	(1) Basic (in Rs.)	29	80.77	91.48
	(2) Diluted (in Rs.)		80.77	91.48
Notes forming an integral part of the consolidated financial statements		1 to 45		

This is the Consolidated Statement of Profit and Loss referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Consolidated Statement of Changes in Equity

for the year ended 31 March, 2019

(A) Equity share capital

Rs. in lacs

	Notes	
As at 1 April, 2017	12	1,540.00
Changes in equity share capital during the year		-
As at 31 March, 2018		**1,540.00**
Changes in equity share capital during the year		-
As at 31 March, 2019		**1,540.00**

(B) Other equity

Rs. in lacs

Particulars	Notes	Reserves and surplus			Other reserves	Total
		General reserves	Retained earnings	Remeasurement gains / (losses) on defined benefit plans	Equity instruments through other comprehensive income	
As at 1 April, 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 items of other comprehensive income (OCI)		-	-	(58.88)	-	(58.88)
Transactions with the owners in their capacity as owners						
Dividend paid during the year	28 (b) (ii)	-	(1,694.00)	-	-	(1,694.00)
Tax on dividend	28 (b) (ii)	-	(344.86)	-	-	(344.86)
Balance as at 31 March, 2018	13	**77,000.00**	**20,243.59**	**(130.99)**	**-**	**97,112.60**
Profit for the year		-	12,438.67	-	-	12,438.67
Changes in fair value of FVOCI equity instruments		-	-	-	1,248.00	1,248.00
Remeasurement gains / (losses) on defined benefit plans		-	-	(9.59)	-	(9.59)
Tax impact on items of other comprehensive income (OCI)		-	-	3.35	(257.19)	(253.84)
Transactions with the owners in their capacity as owners						
Dividend paid during the year	28 (b) (ii)	-	(3,080.00)	-	-	(3,080.00)
Tax on dividend	28 (b) (ii)	-	(633.10)	-	-	(633.10)
Transfer to/from general reserve		13,000.00	(13,000.00)	-	-	-
Balance as at 31 March, 2019	13	**90,000.00**	**15,969.16**	**(137.23)**	**990.81**	**106,822.74**
Notes forming an integral part of the consolidated financial statements	1 to 45					

This is the Consolidated Statement of Changes in Equity referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Consolidated Statement of Cash Flows

for the year ended 31 March, 2019

Rs. in lacs

		Year ended 31 March, 2019	Year ended 31 March, 2018
A.	**Cash flows from operating activities**		
	Profit before tax	18,782.10	21,020.57
	Adjustments for:		
	Depreciation and amortisation expense	1,157.90	1,230.28
	Amortisation of lease hold land	0.47	0.47
	Changes in fair value of financial assets at fair value through profit and loss	2.21	(4.48)
	Changes in fair value of non - current financial assets at fair value through profit and Loss	(735.89)	(91.68)
	Dividend received from equity investments	(88.00)	(74.48)
	Dividend from current investments	(680.94)	(1,126.62)
	Gain on sale of current investments	(0.79)	-
	Loss /(gain) on disposal of property, plant and equipment	(6.59)	3.49
	Interest income	(3,915.98)	(2,762.55)
	Finance cost	302.18	324.67
	Liabilities no longer required written back	(192.17)	(0.29)
	Operating profit before working capital changes	**14,624.50**	**18,519.38**
	Changes in operating assets and liabilities:		
	(Increase) in Inventories	(3,118.82)	(3,501.21)
	(Increase) in Trade receivables	(1,964.95)	(2,303.83)
	(Increase) in Other current assets	(142.79)	(893.85)
	Decrease in Loans	25.17	27.71
	Decrease in Other financial assets	-	155.90
	Decrease / (Increase) in Other non-current assets	6,180.80	(5,395.94)
	Increase in Trade payables	818.99	1,438.42
	Increase in Other financial liabilities	3.11	46.78
	Increase in Other-current liabilities	273.81	860.06
	Increase in Provisions - current	40.33	210.77
	Increase / (Decrease) in Provisions - non current	21.14	(112.50)
	Cash generated from operations	**16,761.29**	**9,051.69**
	Income taxes paid	(6,736.10)	(4,943.53)
	Net cash generated from operating activities	**10,025.19**	**4,108.16**
B.	**Cash flows from investing activities**		
	Payments for purchases of property, plant and equipment (including capital advances)	(15,843.31)	(680.98)
	Proceeds from disposal of property, plant and equipment	13.95	1.21
	Payments to acquire current investments	(51,370.94)	(42,761.62)
	Payments to acquire Non- current investments	(2,999.99)	(7,000.00)
	Proceeds from disposal of current investments	51,952.98	56,220.60
	Fixed deposits (placed) / matured (net)	12,530.78	(30,684.00)
	Interest received	3,704.26	2,398.53
	Dividend received from equity investments	88.00	74.48
	Dividend received from current investments	680.94	1,126.62
	Net cash generated /(used) in investing activities	**(1,243.33)**	**(21,305.16)**
C.	**Cash flows from financing activities:**		
	Dividend paid	(3,080.00)	(1,674.34)
	Tax on dividend paid	(633.10)	(344.86)
	Net cash used in financing activities	**(3,713.10)**	**(2,019.20)**
Net increase / (decrease) in cash or cash equivalents		5,068.76	(19,216.20)
Cash and cash equivalents at the beginning of the year (Refer Note 11)		11,251.88	30,468.08
Cash and cash equivalents at the end of the year (Refer Note 11)		**16,320.64**	**11,251.88**
Notes forming an integral part of the Consolidated financial statements	1 to 45		

This is the Consolidated Statement of Cash Flows referred to in 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: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

S K Mishra
Chief Financial Officer

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Notes to the Consolidated Financial Statements

1. Group 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.

TSIL and its subsidiary company (The Group) have 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 consolidated 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. National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

The consolidated financial statements were approved and authorised for issue with the resolution of the Company's Board of Directors on April 18, 2019.

2. 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.

(a) Basis of preparation

(i) 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.

(ii) 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.

(iii) 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 non-current.

(b) 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:

- 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;

Notes to the Consolidated Financial Statements

- 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.

(c) 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 recognised as an expense in the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation Method, Estimated Useful Lives and Residual Values

Depreciation on property, plant and equipment 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. The useful lives determined are in line with the useful lives prescribed in Schedule II to the Act except in respect of furniture and fixtures and vehicles, in whose case the life of the assets has been assessed, 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.

The estimated useful lives of property, plant and equipment are as under:

Category of assets	Useful life
Building	3 – 60 years
Plant and machinery	5 – 25 years
Office equipment	5 – 10 years
Furniture and fixtures	5 years
Vehicles	5 years

Notes to the Consolidated Financial Statements

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 the Consolidated Statement of Profit and Loss within 'Other Income'/'Other Expenses'. Advances paid towards the acquisition 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'.

(d) Intangible assets

Railway sidings (constructed)

Railway sidings is included in the Consolidated 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.

Computer Software (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 amortization 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.

(e) 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.

(f) 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).

(g) 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 recognised as expense in the Consolidated Statement of Profit and 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.

(h) 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.

(i) Investments 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 are recorded in either the profit or 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 plus, 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 recognised as expense 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 assets

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 Income

Dividend is recognised in as other income in the Consolidated Statement of Profit and 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 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.

Notes to the Consolidated Financial Statements

(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.

(j) 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.

(k) 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 Consolidated 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 compensated absences which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are considered other long term benefits. 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 Consolidated 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.

(l) 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.

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 consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill.

Notes to the Consolidated Financial Statements

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.

(m) 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.

(n) 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.

(o) Revenue recognition

Effective April 1, 2018, the Group has applied Ind AS 115 – Revenue from Contracts with Customers, using the retrospective effect method.

Pursuant to adoption of Ind AS 115, Revenue from contracts with customers are recognised when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognised depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Group is entitled to in exchange for the goods and services.

A. Sale of goods

Revenue from sale of goods is recognised when the control over such goods have been transferred, being when the goods are delivered to the customers. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, risks of loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales are recognised based on the price specified in the contract, which is fixed. No element of financing is deemed present as the sales

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are made against the receipt of advance or with an agreed credit period (in a very few cases) of upto 90 days, which is consistent with the market practices. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

B. Sale of Power

Revenue from the sale of power is recognised when the control has been transferred to the customer, being when the power have been transmitted to the buyer as per the terms of contract with the customer. Revenue from sale of power is recognised based on the price specified in the agreement, which is fixed. No element of financing is deemed present as the sales are made with an agreed credit period of 30 days, which is consistent with the market practices. A receivable is recognised when the power have been transmitted as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

C. Other Operating Revenue

Revenue from sale of coal fines, char and iron ore fines are recognized when the control over such goods have been transferred being when the goods are delivered to the customers. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, risks of loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales are recognised based on the price specified in the contract, which is fixed. No element of financing is deemed present as the sales are made against the receipt of advance or with an agreed credit period of upto 30 days (in very few cases), which is consistent with the market practices. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only passage of time is required before payment is done.

(p) Other Income

(i) Interest Income

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

(q) Foreign currency transactions and translation

(i) Functional and Presentation Currency

Items included in the consolidated 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.

(r) 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.

(s) 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

Notes to the Consolidated Financial Statements

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.

(t) 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.

(u) 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.

(v) 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.

(w) Rounding of amounts

All amounts disclosed in the consolidated 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.

(x) Use of estimates and critical accounting judgments

The preparation of consolidated 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 2(k) and 34

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 2(c) and 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 obsolesce that may change the utility of property, plant & equipment.

C. Contingencies - Refer Note 2(n), 30 and 31

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such

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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. Deferred Taxes Refer Note - Refer Note 2(l) and 15

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.

E. Fair value measurements of financial instruments – Refer Note 2(i)(vi) and 28

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including Discounted Cash Flow Model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risks, credit risks and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

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, 2019	As at 31 March, 2018
Freehold land	8,589.18	564.08
Freehold buildings	2,375.30	2,510.14
Plant and equipment	10,618.76	11,343.05
Furniture and fixtures	12.32	12.85
Office equipment	256.69	142.63
Vehicles	120.84	93.75
Sub-total	**21,973.09**	**14,666.50**
Capital work-in-progress	739.39	582.19
Total	**739.39**	**582.19**

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost/deemed cost							
Balance as at 1 April, 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**
Additions during the year	8,025.10	27.43	-	5.88	179.00	60.52	8,297.93
Assets disposed / written off during the year	-	-	30.69	-	2.23	52.81	85.73
Balance as at 31 March, 2019	**8,589.18**	**3,202.27**	**12,917.52**	**36.69**	**402.01**	**144.85**	**25,292.52**
Accumulated depreciation							
Accumulated depreciation as at 1 April, 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**
Charge for the year	-	162.27	722.69	6.41	63.99	28.62	983.98
Depreciation on assets disposed / written off during the year	-	-	29.09	-	1.28	48.00	78.37
Accumulated depreciation as at 31 March, 2019	**-**	**826.97**	**2,298.76**	**24.37**	**145.32**	**24.01**	**3,319.43**
Carrying amount							
Balance as at 31 March, 2018	564.08	2,510.14	11,343.05	12.85	142.63	93.75	14,666.50
Balance as at 31 March, 2019	**8,589.18**	**2,375.30**	**10,618.76**	**12.32**	**256.69**	**120.84**	**21,973.09**

Note :

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

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

3 Depreciation on property, plant and equipment has been included under 'Depreciation and amortisation expense' in the Consolidated Statement of Profit and Loss (Refer Note 26).

4 On transition to Ind AS, the Group has chosen to carry forward previous GAAP carrying amount and accordingly the net carrying amount on transition date was considered as the deemed cost.

Notes to the Consolidated Financial Statements

04 Intangible assets

Rs. in lacs

Carrying amounts of:	As at 31 March, 2019	As at 31 March, 2018
Computer software (acquired)	6.33	9.56
Railway sidings (constructed)	52.78	223.47
Total intangible assets	**59.11**	**233.03**

Rs. in lacs

	Computer software (acquired)	Railway sidings (constructed)	Total intangible assets
Cost/deemed cost			
Balance as at 1 April, 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**
Additions during the year	-	-	-
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2019	**10.30**	**725.91**	**736.21**
Accumulated amortisation			
Accumulated amortisation as at 1 April, 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**
Charge for the year	3.23	170.69	173.92
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2019	**3.97**	**673.13**	**677.10**
Carrying amount			
Balance as at 31 March, 2018	9.56	223.47	233.03
Balance as at 31 March, 2019	**6.33**	**52.78**	**59.11**

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

04.02 On transition date, the Group has chosen to carry forward the previous GAAP carrying amount and accordingly net carrying amount on transition date was considered deemed cost.

Notes to the Consolidated Financial Statements

05 Investments

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Non- current Investments (Unquoted)		
(A) Investment in Equity Instruments		
Investment in Other body corporates @		
Jamipol Limited	1,328.00	80.00
800,000 (31 March, 2018: 800,000) equity shares of Rs. 10 each fully paid up		
(B) Investments in Mutual fund #		
(i) IDFC Corporate Bond Direct plan - Growth	4,331.83	2,028.97
(ii) Reliance Floating Rate Fund - Short Term Plan (Direct Growth Plan)	3,247.35	2,029.42
(iii) Reliance Short Term Fund - (Direct Growth Plan)	3,248.38	3,033.29
	10,827.56	**7,091.68**
Total Non - current Investments	**12,155.56**	**7,171.68**
Current Investments (Unquoted)		
Investment in liquid mutual funds #		
(i) TATA Money Market Fund - Plan A - Daily Dividend Reinvestment	-	3,843.72
(ii) HDFC Liquid Fund- Regular Plan - Daily Dividend Reinvestment	1,789.63	6.65
(iii) IDFC Cash Fund - Regular Plan - Daily Dividend Reinvestment	1,560.85	575.58
(iv) Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment	3,662.55	4,272.99
(v) Axis Liquid - Regular plan - Daily Dividend Reinvestment	1,455.96	1,168.47
(vi) ICICI Prudential Liquid - Regular plan- Daily Dividend Reinvestment	-	769.17
(vii) BSL Cash Plus - Daily Dividend Reinvestment	-	1,225.54
(viii)Sundaram Money Fund Regular -Daily Dividend Reinvestment	-	575.11
(ix) DSP Blackrock Liquidity Fund-Inst-Daily Dividend Reinvestment	3,748.38	363.60
Total current investments	**12,217.37**	**12,800.83**
Aggregate amount of Unquoted Investments	**24,372.93**	**19,972.51**
# Investments carried at Fair value through Profit and Loss	23,044.93	19,892.51
@ Investments carried at Fair value through Other Comprehensive Income [also refer Note 28(c)]	1,328.00	80.00

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

06 Loans

(Unsecured, considered good unless stated otherwise)

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
Loan to Employees	6.77	6.30	10.83	8.22
Security Deposits				
Considered good	4.51	220.73	4.46	243.98
Credit Impaired	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
	11.28	**227.03**	**15.29**	**252.20**

Notes to the Consolidated Financial Statements

07 Other financial assets

(Unsecured, considered good unless stated otherwise)

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
(a) Interest accrued on deposits, loans and advances	4.05	1,294.06	157.10	929.29
(b) Deposit with banks and others with maturity period more than 12 months	82.40	-	6,255.74	-
[Above deposits includes **Rs. 82.40 lacs** as at 31 March, 2019 (Rs. 2.02 lacs as at 31 March, 2018) pledged with government authorities]				
	86.45	**1,294.06**	**6,412.84**	**929.29**

08 Other assets

(Unsecured, considered good unless stated otherwise)

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
(a) Capital advances *	24,171.95	-	16,824.26	-
(b) Advances to related parties [Refer Note 33]	-	80.30	-	50.98
(c) Other loans and advances				
(i) Advances with public bodies	608.71	759.98	608.71	946.47
(ii) Other advances and prepayments	15.84	930.38	19.29	630.42
(iii) Prepaid lease payments				
- Prepaid lease payments cost	42.42	0.47	42.42	0.47
Less: Prepaid lease payments amortisation	(16.56)	-	(16.09)	-
	24,822.36	**1,771.13**	**17,478.59**	**1,628.34**

* The Group has made payments relating to transfer of leasehold rights relating to certain land parcels and iron ore mines, which is part of its acquisition of the steel business of Usha Martin Limited. These include an amount of **Rs. 4,732.00 lacs** paid as upfront application fees paid for iron ore mines and **Rs. 2,615.19 lacs** for transfer of leasehold rights of land parcels.

09 Inventories

(lower of cost and net realisable value)

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Raw materials	9,803.15	6,858.03
(b) Finished goods	677.75	691.58
(c) Stores and spares	1,046.79	859.26
	11,527.69	**8,408.87**

Note:

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

Notes to the Consolidated Financial Statements

10 Trade receivables

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Unsecured, considered good	7,845.45	5,880.50
Total trade receivables	**7,845.45**	**5,880.50**
Trade receivables from related parties (Refer Note 33)	1,197.49	629.00
Trade receivables other than related parties	6,647.96	5,251.50
	7,845.45	**5,880.50**

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 Group.

11 (i) Cash and cash equivalents

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Balances with scheduled banks		
(1) In current accounts	419.88	3,539.91
(2) In fixed deposit accounts having original maturity of three months or less	15,900.00	7,711.28
(b) Cash on hand	0.76	0.69
Total Cash and cash equivalents as per Cash Flow Statement	**16,320.64**	**11,251.88**
(ii) Other Bank balances		
In Unclaimed Dividend Accounts @	267.16	227.33
In fixed deposit accounts (with original maturity of more than three months and maturing within twelve months from the balance sheet date)	18,153.22	30,684.00
	18,420.38	**30,911.33**
@ Includes earmarked balances in unclaimed dividend accounts	267.16	227.33

(iii) 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, 2019	As at 31 March, 2018
(a) Authorised Share Capital:		
75,000,000 fully paid equity shares of Rs. 10 each	7,500.00	2,500.00
(As at 31 March, 2018: 25,000,000 fully paid equity shares of Rs. 10 each)		
	7,500.00	**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, 2018: 15,400,000 fully paid equity shares of Rs. 10 each)		
	1,540.00	**1,540.00**

Notes to the Consolidated Financial Statements

(c) Fully paid equity shares

	No. of equity shares	Amount Rs. in lacs
Equity shares of Rs. 10 each		
As at 1 April, 2017	15,400,000	1,540.00
Changes in equity share capital during the year	-	-
As at 31 March, 2018	**15,400,000**	**1,540.00**
Changes in equity share capital during the year	-	-
As at 31 March, 2019	**15,400,000**	**1,540.00**

(d) Shares held by holding company

	As at 31 March, 2019		As at 31 March, 2018	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares				
Tata Steel Limited (Holding company)	8,393,554	54.50%	8,393,554	54.50%
	8,393,554	**54.50%**	**8,393,554**	**54.50%**

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

	As at 31 March, 2019		As at 31 March, 2018	
	No. of equity shares	%	No. of equity shares	%
Fully paid equity shares				
Tata Steel Limited (Holding company)				
	8,393,554	**54.50%**	**8,393,554**	**54.50%**

(f) Rights, preferences and restrictions attached to shares

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

12 A Preference share capital

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Authorised Share Capital:		
20,00,00,000 Non-Convertible Redeemable Preference Shares of Rs. 100 each	200,000.00	-
(As at 31 March, 2018: NIL Non-Convertible Redeemable Preference Shares of Rs. 100 each)		
	200,000.00	-

(b) Rights, preferences and restrictions attached to preference shares

Such shares shall rank for capital and dividend (including all dividend undeclared upto the commencement of winding up) and for repayment of capital in a winding up, pari passu inter se and in priority to the Equity Shares of the Company, but shall not confer any further or other rights in participating in surplus funds. Such shares shall confer on the holders thereof, the right to a fixed preferential

Notes to the Consolidated Financial Statements

dividend from the date of allotment at 11.30% p.a. and shall be redeemable at par upon maturity or optional early redemption at the option of the Company annually at 12 monthly intervals from the date of allotment. These shares shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

(c) These preference shares are yet to be issued and are included above for disclosure for authorised share capital only. Classification of the preference shares as equity or liability will be determined at the time they are issued.

13 Other equity

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
General reserves	90,000.00	77,000.00
Retained earnings	15,969.16	20,243.59
Remeasurement gains / (losses) on defined benefit plans	(137.23)	(130.99)
Equity instruments through other comprehensive income	990.81	-
Total	**106,822.74**	**97,112.60**

Rs. in lacs

Particulars	Reserves and surplus			Other Reserves	Total
	General reserves [Refer (a) below]	Retained earnings [Refer (b) below]	Remeasurement gains / (losses) on defined benefit plans [Refer (c) below]	Equity instruments through other comprehensive income [Refer (d) below]	
Balance as at 1 April, 2017	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 items of other comprehensive income (OCI)	-	-	(58.88)	-	(58.88)
Transactions with the owners in their capacity as owners					
Dividend paid during the year [refer note 28(b) (ii)]	-	(1,694.00)	-	-	(1,694.00)
Tax on dividend [refer note 28(b) (ii)]	-	(344.86)	-	-	(344.86)
Balance as at 31 March, 2018	**77,000.00**	**20,243.59**	**(130.99)**	**-**	**97,112.60**
Profit for the year	-	12,438.67	-	-	12,438.67
Changes in fair value of FVOCI equity instruments	-	-	-	1,248.00	1,248.00
Remeasurement gains / (losses) on defined benefit plans	-	-	(9.59)	-	(9.59)
Tax impact on items of other comprehensive income (OCI)	-	-	3.35	(257.19)	(253.84)
Transactions with the owners in their capacity as owners					
Dividend paid during the year [refer note 28(b) (ii)]	-	(3,080.00)	-	-	(3,080.00)
Tax on dividend [refer note 28(b) (ii)]	-	(633.10)	-	-	(633.10)
Transfer to/from general reserve	13,000.00	(13,000.00)	-	-	-
Balance as at 31 March, 2019	**90,000.00**	**15,969.16**	**(137.23)**	**990.81**	**106,822.74**

Notes to the Consolidated Financial Statements

(a) General reserves

Under the erstwhile Indian Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to introduction of Companies Act, 2013, the requirement to mandatory transfer a specified percentage of the net profit to general reserve has been withdrawn though the Company may transfer such percentage of its profits for the financial year as it may consider appropriate. Declaration of dividend out of such reserve shall not be made except in accordance with rules prescribed in this behalf under the Act.

(b) Retained Earnings

Retained Earnings are the profits and gains that the Group has earned till date, less any transfer to general reserve, dividends or other distributions paid to shareholders.

(c) Remeasurement gains / (losses) defined benefit plans

The Group recognises remeasurement gains / (losses) on defined benefit plans in Other Comprehensive Income. These changes are accumulated within the equity under "Remeasurement gains / (losses) on defined benefit plans" reserve within equity.

(d) Equity instruments through other comprehensive income

The Group has elected to recognise changes in the fair value of certain investments in equity instruments in Other Comprehensive Income. These changes are accumulated within the "Equity instruments through other comprehensive income" reserve within equity. The Group transfers amounts from this reserve to Retained Earnings when the relevant equity shares are derecognised.

14 Provisions

Rs. in lacs

	As at 31 March, 2019		As at 31 March, 2018	
	Non-current	Current	Non-current	Current
(a) Provision for employee benefits				
Post-employment defined benefits	1,190.03	81.47	1,168.89	117.37
(b) Other provisions				
(i) Provision for VAT, entry tax and sales tax [refer note 36]	-	2,747.04	-	2,538.75
(ii) Provision for cross subsidy surcharge payable [refer note 36]	-	601.00	-	601.00
(iii) Provision for interest on income tax [refer note 36]	-	2,067.62	-	1,887.91
Total provisions	**1,190.03**	**5,497.13**	**1,168.89**	**5,145.03**

15 Deferred tax liabilities (net)

The following is the analysis of deferred taxes presented in the Consolidated balance sheet:

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Deferred tax liabilities	3,216.51	3,087.66
Deferred tax assets	(1,396.03)	(1,289.45)
Deferred tax liabilities (net)	**1,820.48**	**1,798.21**

Notes to the Consolidated Financial Statements

The balances comprises temporary differences attributable to:

Rs. in lacs

	Deferred tax liability/ (asset) as at 31 March, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Deferred tax liability/ (asset) as at 31 March, 2019
Deferred tax liabilities				
(i) Property, plant and equipment and intangible assets	3,087.66	(128.34)	-	2,959.32
(ii) Fair valuation of equity instruments designated as FVOCI	-	-	257.19	257.19
	3,087.66	**(128.34)**	**257.19**	**3,216.51**
Deferred tax assets				
(i) Amount allowable on payment basis as per section 43B of Income-tax Act, 1961	(1,289.45)	(38.95)	(3.35)	(1,331.75)
(ii) Amount allowable under Income-tax on deferred basis	-	(64.28)	-	(64.28)
	(1,289.45)	**(103.23)**	**(3.35)**	**(1,396.03)**
Deferred tax liabilities (net)	**1,798.21**	**(231.57)**	**253.84**	**1,820.48**

Note :

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

16 Trade payables

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	106.62	176.10
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		
(a) Trade payables for supplies and services	5,974.34	5,323.32
(b) Trade payables for accrued wages and salaries	1,430.06	1,192.61
Total Trade Payables	**7,511.02**	**6,692.03**
Trade payable to related parties	3,030.71	2,204.09
Trade payable other than related parties	4,480.31	4,487.94
Total Trade Payables	**7,511.02**	**6,692.03**

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 Group, which has been relied upon by the auditors.

Notes to the Consolidated Financial Statements

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) (i) The principal amount remaining unpaid to supplier as at end of the accounting year	106.62	176.10
(ii) Interest due thereon remaining unpaid to supplier as at end of the accounting year	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, 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 liquidity risk relating to Trade payables.

17 Other current liabilities

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Advances from customers*	688.73	110.61
(b) Other payables		
(i) Employee recoveries and employer contributions	62.13	62.14
(ii) Statutory liabilities (GST, Excise duty, service tax, sales tax, TDS, etc.)	1,496.90	1,993.37
Total other current liabilities	**2,247.76**	**2,166.12**

*Advances from customers appearing at the beginning of the year has been entirely adjusted against revenue recognised during the year.

18 Other financial liabilities

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Creditors for capital supplies and services	32.13	72.62
(b) Unpaid dividends	267.12	227.33
(c) Other credit balances	125.98	122.83
Total Other financial liabilities	**425.23**	**422.78**

Notes to the Consolidated Financial Statements

19 Current tax liabilities (net)

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Provision for tax [net of advance tax of **Rs. 24,164.03 lacs** (As at 31 March 2018: Rs. 17,589.03 lacs)]	5,390.33	5,390.33
Total current tax liabilities (net)	**5,390.33**	**5,390.33**

19 A Non current tax assets (net)

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Advance tax and Tax Deducted at Sources [net of provision of **Rs. 26,309.67 lacs** (As at 31 March, 2018: Rs. 26,309.67 lacs)]	2,973.73	2,812.63
Total non current tax assets (net)	**2,973.73**	**2,812.63**

20 Revenue from operations

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Revenue from contracts with customers		
(i) Sale of sponge iron (including excise duty - **NIL** (Year ended 31 March 2018: Rs.1,647.81 lacs)	92,975.34	75,516.55
(ii) Sale of power	5,332.10	5,541.36
(b) Other operating revenue		
-Sale of iron ore fines, coal fines, char etc.	897.86	606.63
Revenue from operations	**99,205.30**	**81,664.54**

Note:

(i) The Group has adopted Ind AS 115 - Revenue from Contract with Customers with full retrospective effect. Such adoption did not result into any adjustments in the consolidated financial statements.

(ii) Revenue recognised from sale of sponge iron and sale of power represents contracted prices with the customer and did not include any adjustments to the contracted price.

(iii) Post applicability of Goods and Services Tax ('GST') with effect from 1 July, 2017, revenue from operations is disclosed net of GST. Accordingly the revenue from operations for year ended 31 March, 2019 are exclusive of GST whereas the amounts for the year ended 31 March, 2018 includes applicable excise duty and hence not comparable.

Notes to the Consolidated Financial Statements

21 Other income

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Interest income earned on financial assets that are not designated at fair value through Profit or Loss		
(i) Bank deposits carried at amortised cost	3,313.27	2,398.13
(ii) Other financial assets carried at amortised cost	602.71	364.42
(b) Dividend income		
(i) From equity investments *	88.00	74.48
(ii) From Investment in Mutual fund (Current)	680.94	1,126.62
(c) Net gains / (losses) on fair value changes		
(i) Net gain / (loss) on fair value changes of financial assets carried at FVTPL (Current)	(2.21)	4.48
(ii) Net gain on fair value changes of financial assets carried at FVTPL (Non - current)	735.89	91.68
(iii) Net gain on sale of current investments	0.79	-
(d) Net gain on disposal of property plant and equipment	6.59	-
(e) Net gain on foreign currency transactions	-	32.11
(f) Liabilities no longer required written back	192.17	0.29
(g) Other non-operating income	154.95	214.15
Total other income	**5,773.10**	**4,306.36**

* Represents dividend on equity instruments designated as fair value through other comprehensive income, which are held as at the reporting date.

22 Cost of materials consumed

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Opening stock	6,858.03	3,854.26
Add: Purchases of materials	73,813.89	53,062.08
	80,671.92	**56,916.34**
Less: Closing stock	9,803.15	6,858.03
Total cost of materials consumed	**70,868.77**	**50,058.31**
Cost of materials consumed comprises		
(a) Iron ore	32,263.59	17,724.81
(b) Coal	38,055.61	31,866.75
(c) Dolomite	549.57	466.75
Total cost of materials consumed	**70,868.77**	**50,058.31**

Notes to the Consolidated Financial Statements

23 Changes in inventories of finished goods

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Finished goods		
Opening stock	691.58	218.11
Less: Closing stock	677.75	691.58
Net (increase) / decrease in finished goods	**13.83**	**(473.47)**

24 Employee benefits expense

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Salaries and wages	3,767.66	3,425.09
(b) Contribution to provident and other funds	404.96	398.52
(c) Staff welfare expenses	314.13	356.83
Total employee benefits expense	**4,486.75**	**4,180.44**

25 Finance costs

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Interest expenses		
Interest on statutory dues	302.18	324.67
Total finance costs	**302.18**	**324.67**

26 Depreciation and amortisation expense

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Depreciation of property, plant and equipment (Refer Note 03)	983.98	1,062.67
(b) Amortisation of intangible assets (Refer Note 04)	173.92	167.61
Total depreciation and amortisation expenses	**1,157.90**	**1,230.28**

Notes to the Consolidated Financial Statements

27 Other expenses

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(a) Consumption of stores and spare parts	1,026.42	1,032.29
(b) Fuel oil consumed	107.87	111.78
(c) Purchase of power	20.87	10.01
(d) Rent [refer note 38]	81.23	79.29
(e) Repairs to buildings	656.62	378.67
(f) Repairs to machinery	1,544.60	1,365.32
(g) Insurance	81.35	70.09
(h) Rates and taxes	898.27	996.79
(i) Freight and handling charges	784.54	698.56
(j) Commission, discounts and rebates	42.64	42.10
(k) Packing and forwarding	508.02	488.09
(l) Excise duty on change in finished goods	-	(35.55)
(m) Other expenses		
(1) Legal and professional costs	654.81	660.66
(2) Advertisement, promotion and selling expenses	42.99	33.18
(3) Travelling expenses	186.46	136.93
(4) Loss on disposal of property plant and equipment	-	3.49
(5) Net Loss on foreign currency transactions	252.31	-
(6) Corporate social responsibility expenses [refer note 39]	236.25	180.46
(7) Other general expenses (*)	2,241.62	1,730.13
Total other expenses	**9,366.87**	**7,982.29**

(*) Includes R&D expenses amounting to **Rs. 11.70 lacs** (31 March, 2018 Rs. 11.40 lacs) paid to Indian Institute of Technology, Bhubaneswar.

27.1 Payments to auditors

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
(1) Auditors remuneration and out-of-pocket expenses		
(i) As auditors - statutory audit	10.61	11.04
(ii) As auditors - quarterly audits	6.00	7.60
(iii) As auditors - tax audit	1.60	2.02
(iv) Auditors out-of-pocket expenses	2.34	7.39
	20.55	**28.05**

Notes to the Consolidated Financial Statements

27.1A Income tax recognised in Consolidated Statement of Profit and Loss

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Current tax		
On profit for current year	6,575.00	7,099.00
	6,575.00	**7,099.00**
Deferred tax (Refer Note 15)		
In respect of the current year	(231.57)	(166.38)
	(231.57)	**(166.38)**
Total tax expense (Refer reconciliation below)	**6,343.43**	**6,932.62**

The income tax expense for the year can be reconciled to the accounting profit as follows:

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Profit before tax	18,782.10	21,020.57
Income tax expense calculated at enacted Income tax rate of **34.944%** (31 March, 2018 : 34.608%)	6,563.22	7,274.80
Effect of income that is exempt from taxation	(266.68)	(448.96)
Effect of expenses that are not deductible in determining taxable profit	64.71	106.67
Others	(17.82)	0.11
Income tax expense recognised in Consolidated Statement of Profit and Loss	**6,343.43**	**6,932.62**

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 considered 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

Notes to the Consolidated Financial Statements

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 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, 2019 and 31 March, 2018 were past due or impaired. Total trade receivables, of **Rs. 7,845.45 lacs** as at 31 March, 2019 and Rs. 5,880.50 lacs as at 31 March, 2018 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. 7,000.00 lacs** (31 March, 2018: Rs. 11,000.00 lacs). The Group has also Non-Fund based facilities with banks for **Rs. 14,815.00 lacs** (31 March ,2018: Rs. 31,315.00 lacs) which may be utilised at any time and the banks have a right to terminate the same without notice.

(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, 2019		
Trade payables	7,511.02	-
Other financial liabilities - current	425.23	-
As at 31 March, 2018		
Trade payables	6,692.03	-
Other financial liabilities - current	422.78	-

(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 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.

Notes to the Consolidated Financial Statements

(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, 2019	Year ended 31 March, 2018
NAV -Increase by 1%*	230.45	198.93
NAV -Decrease by 1%*	(230.45)	(198.93)

* 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.

(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

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Dividend Declared and Paid during the year		
Final dividend for the year ended 31 March, 2018 of **Rs. 20.00** (31 March, 2017 – Rs. 11.00) per fully paid share	3,080.00	1,694.00
Dividend Distribution Tax on above	633.10	344.86
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. 12.50 (for the year ended 31 March 2018: Rs. 20.00) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	1,925.00	3080.00
Dividend Distribution Tax on above	395.69	633.10

Notes to the Consolidated Financial Statements

(c) Financial Instruments by Category

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2019 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	23,044.93	-	-	23,044.93
Investment in body corporates	-	1,328.00	-	1,328.00
Trade receivables	-	-	7,845.45	7,845.45
Loans	-	-	238.31	238.31
Cash and cash equivalents	-	-	16,320.64	16,320.64
Other bank balances	-	-	18,420.38	18,420.38
Other financial assets - non-current	-	-	86.45	86.45
Other financial assets - current	-	-	1,294.06	1,294.06
Total	**23,044.93**	**1,328.00**	**44,205.29**	**68,578.22**
Liabilities:				
Trade payables	-	-	7,511.02	7,511.02
Other financial liabilities - current	-	-	425.23	425.23
Total	**-**	**-**	**7,936.25**	**7,936.25**

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	19,892.51	-	-	19,892.51
Investment in body corporates	-	80.00	-	80.00
Trade receivables	-	-	5,880.50	5,880.50
Loans	-	-	267.49	267.49
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	**19,892.51**	**80.00**	**55,653.33**	**75,625.84**
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

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, 2018.

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 classified 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.

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, 2019	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in mutual funds	23,044.93	23,044.93	-	-
	(19,892.51)	(19,892.51)		
Investment in equity instruments at FVTOCI (Unquoted)	1,328.00	-	-	1,328.00
	(80.00)			(80.00)
Total financial assets	**24,372.93**	**23,044.93**	**-**	**1,328.00**
	(19,972.51)	**(19,892.51)**	**-**	**(80.00)**

Figures in brackets represents balances for the previous year

Notes to the Consolidated Financial Statements

Rs. in lacs

Movement in Level 3 investments	Year ended 31 March, 2019	Year ended 31 March, 2018
Opening as on 1 April 2019	**80.00**	**80.00**
Changes in fair value recognised in OCI	1,248.00	-
Closing as on 31 March 2019	**1,328.00**	**80.00**

Valuation technique used for Level 3 investments

Fair valuation of the equity investments have been determined using the discounted cash flow model. Significant unobservable inputs used in the valuation were earnings growth rate and risk adjusted discount rates.

The increase / decrease of 1% in earnings growth rate (keeping other variables constant) would result into an increase / decrease in fair value by **Rs. 16.00 lacs** and **Rs. 16.00 lacs** respectively.

The increase / decrease in 1% risk adjusted discount rate (keeping other variables constant) would result into decrease / increase in fair value by **Rs. 64.00 lacs** and **Rs. 72.00 lacs** respectively.

29 Earnings per share

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Net profit for the year (Rs. In lacs)	12,438.67	14,087.95
Weighted average number of equity shares outstanding during the year (Nos.)	15,400,000	15,400,000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	80.77	91.48

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, 2019	As at 31 March, 2018
(a) Claims against the Group not acknowledged as debts;		
(a) Income tax	159.28	159.28
(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	**9,959.78**

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.

Notes to the Consolidated Financial Statements

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(b) Other money for which the Group is contingently liable		
(i) Renewable energy purchase obligation	632.89	632.89
(ii) Excise Duty	2,946.30	2,472.85
	3,579.19	**3,105.74**

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 proceedings. 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 denied and consequently the Group had filed a case before Appellate Tribunal of Electricity ("ATE"). Appeal filed by the Group before ("ATE") was allowed and the matter stands remitted back to the OERC for reconsideration afresh. As a matter of prudence, pending finalisation of the matter, an amount of Rs. 601.00 lacs provided in the year ended 31 March, 2015, is being continued.

(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. 10 June, 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 had 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. The bank guarantee expired after 30 November 2015 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 of coal block 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 Consolidated 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 had 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, 2019 aggregates to **Rs. 18,040.96 lacs** (31 March, 2018: Rs. 18,040.96 lacs) and the carrying amount in the books net of depreciation and write off as at 31 March, 2019, is **Rs. 17,905 lacs** (31 March, 2018: Rs. 17,917 lacs).

(ii) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India had 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 directives of MoC vide its letter dated 1 February,2018 and as per details prescribed by Nominated Authority, 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. 244.88 lacs** (As at 31 March, 2018: Rs. 156.95 lacs) Net of advances **Rs.0.31 lacs** (As at 31 March, 2018 Rs. 0.31 lacs.)

33. Related party transaction

(A) Related Parties

Name of Related Party	Relationship
Tata Sons Private Limited [Formerly Tata Sons Limited]	Company having significant Influence over the Holding Company
Where Control exists	
Tata Steel Limited	Holding Company
Others with whom transactions have taken place during the current or previous 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 Private Limited
Tata International Singapore PTE Limited	
TC Travel & Services Limited	
TRL Krosaki Refractories Limited	Associate of Tata Steel Limited (till 28 December, 2018)
Mr. Sanjay Kumar Pattnaik	Key Management personnel - Managing Director (MD)

Notes to the Consolidated Financial Statements

Name of Related Party	Relationship
Mr. T V Narendran (w.e.f. 12 January 2019)	Key Management personnel -Non- Executive Director (NED)
Mr. Koushik Chatterjee (w.e.f. 12 January 2019)	
Dr. Sougata Ray (w.e.f. 12 January 2019)	
Mr. A M Misra (up to 12 January 2019)	
Mr. D K Banerjee	
Mr. P C Parakh	
Mr. Manoj T Thomas	
Mr. Krishnava S Dutt (Up to 11 October 2018)	
Mr. R Ranganath (up to 12 January 2019)	
Mrs. Meena Lall	
Dr. Omkar N Mohanty	
Mr. Bimlendra Jha (from 12 January, 2019 to 7 February ,2019)	
Mr. Ashish Anupam (w.e.f. 14 March 2019)	
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

Particulars	Sale of goods		Purchase of goods		Dividend income		Dividend paid	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Holding Company								
Tata Steel Limited	806.71	311.77	26,960.92	18,006.49	-	-	1,678.71	923.29
Total	**806.71**	**311.77**	**26,960.92**	**18,006.49**	**-**	**-**	**1,678.71**	**923.29**
Fellow subsidiary								
The Indian Steel and Wire Products Limited	-	-	3.14	3.13	-	-	-	-
Tata Metaliks Limited	43.81	198.37	-	-	-	-	-	-
Tata Pigments Limited	-	-	-	-	-	-	-	-
Total	**43.81**	**198.37**	**3.14**	**3.13**	**-**	**-**	**-**	**-**
Associate of Tata Steel								
TRL Krosaki Refractories Limited	-	-	74.78	57.68	-	-	-	-
Total	**-**	**-**	**74.78**	**57.68**	**-**	**-**	**-**	**-**
Joint venture of Tata Steel								
Jamipol Limited	-	-	-	-	88.00	74.48	-	-
Tata Bluescope Steel Limited	-	-	88.84	56.67	-	-	-	-
Total	**-**	**-**	**88.84**	**56.67**	**88.00**	**74.48**	**-**	**-**
Subsidiary of Tata Sons Private Limited								
Tata International Limited	9,882.23	8,605.84	-	2,227.43	-	-	-	-
Tata International Singapore PTE Limited	-	-	28,056.59	20,239.97	-	-	-	-
Total	**9,882.23**	**8,605.84**	**28,056.59**	**22,467.40**	**-**	**-**	**-**	**-**

Notes to the Consolidated Financial Statements

Rs. in lacs

Particulars	Sale of power		Services received		Reimbursement of expenses		Services rendered	
	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Company having significant influence								
Tata Sons Private Limited	-	-	276.01	214.55	-	-	-	-
Total	**-**	**-**	**276.01**	**214.55**	**-**	**-**	**-**	**-**
Holding Company								
Tata Steel Limited	4,314.52	5,512.26	94.22	40.29	-	-	6.96	-
Total	**4,314.52**	**5,512.26**	**94.22**	**40.29**	**-**	**-**	**6.96**	**-**
Fellow subsidiary								
The Tinplate Company of India Limited	-	-	0.03	0.03	-	-	-	-
Jamshedpur Utilities & Services Company Limited	-	-	0.02	-	-	-	-	-
Total	**-**	**-**	**0.05**	**0.03**	**-**	**-**	**-**	**-**
Joint Venture of Tata Steel								
TM International Logistics Limited	-	-	749.80	713.22	640.45	619.90	-	-
mjunction services limited	-	-	-	2.36	-	-	-	-
Total	**-**	**-**	**749.80**	**715.58**	**640.45**	**619.90**	**-**	**-**
Subsidiary of Tata Sons Private Limited								
Tata International Limited	-	-	-	-	243.95	666.75	-	-
Tata International Singapore PTE Limited	-	-	-	-	147.94	208.90	-	-
TC Travel & Services Limited	-	-		33.68	-	34.77	-	-
Total	**-**	**-**	**-**	**33.68**	**391.89**	**910.42**	**-**	**-**

Rs. in lacs

(C) Compensation of key management personnel	Year ended 31 March, 2019	Year ended 31 March, 2018
MD		
Remuneration		
-Short term Employee Benefits	321.49	176.12
-Post Employment Benefits	31.29	25.65
Total	**352.78**	**201.77**
NED		
Sitting Fees		
Mr. A M Misra	3.25	2.30
Mr. D K Banerjee	3.95	2.85
Mr. Manoj T Thomas	3.90	2.70
Mr. P C Parakh	4.10	3.10
Dr. Omkar N Mohanty	4.10	3.30
Mr. Krishnava S Dutt	0.70	1.15
Dr. Sougata Ray	0.85	-

Notes to the Consolidated Financial Statements

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Commission		
Mr. A M Misra	8.50	7.83
Mr. D K Banerjee	6.12	5.65
Mr. P C Parakh	7.82	8.70
Mr. Manoj T Thomas	7.14	6.09
Dr. Omkar N Mohanty	6.12	6.52
Mr. Krishnava S Dutt	1.36	2.61
Dr. Sougata Ray	2.04	-
Total	**59.95**	**52.80**

(D) Contribution to PEBP

Tata Sponge Iron Limited Employee Provident Fund Trust	200.24	193.68
Tata Sponge Iron Limited Superannuation Fund	106.58	107.69
Tata Sponge Iron Limited Gratuity Fund	98.15	97.14
Total	**404.97**	**398.51**

(E) Pursuant to approval of Board Directors, the Group has paid / provided an amount of Rs. 133.49 lacs as part of long term incentive plan (LTIP) to the Managing Director which is in lieu of the earlier "Special Retirement Benefit Scheme". The amount paid / provided as aforesaid, is within the limits prescribed under section 197 of the Companies Act, 2013. The Group would seek the shareholders' approval / ratification for payment of LTIP in the ensuing annual general meeting.

(F) Balances Outstanding

Particulars	Trade receivables		Trade payables		Advances		Investments	
	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018	As at 31 March, 2019	As at 31 March, 2018
Company having significant influence								
Tata Sons Private Limited	-	-	240.96	189.21	-	-	-	-
Holding Company								
Tata Steel Limited	708.68	585.57	2,555.22	1,989.19	-	-	-	-
Fellow subsidiary								
Tata Metaliks Limited	-	43.43	-	-	-	-	-	-
The Tinplate Company of India Limited	-	-	-	0.01	-	-	-	-
The Indian Steel and Wire Products Limited	-	-	0.51	0.83	-	-	-	-
Joint venture of Tata Steel								
TM International Logistics Limited	-	-	-	-	80.30	50.98	-	-
Tata Bluescope Steel Limited	-	-	-	23.16	-	-	-	-
Jamipol Limited	-	-	-	-	-	-	80.00	80.00
Subsidiary of Tata Sons Private Limited								
Tata International Limited	488.81	-	-	-	-	-	-	-
Tata International Singapore PTE Limited	-		234.02					
TC Travel & Services Limited	-	-	-	1.69	-	-	-	-
Total	**1,197.49**	**629.00**	**3,030.71**	**2,204.09**	**80.30**	**50.98**	**80.00**	**80.00**

Rs. in lacs

Notes to the Consolidated Financial Statements

Particulars	As at 31 March, 2019	As at 31 March, 2018
MD		
Other Current Liabilities	6.23	6.23
NED		
Other Current Liabilities		
Mr. A M Misra	8.50	7.83
Mr. D K Banerjee	6.12	5.65
Mr. Manoj T Thomas	7.14	8.70
Mr. P C Parakh	7.82	6.09
Dr. Omkar N Mohanty	6.12	6.52
Mr. Krishnava S Dutt	1.36	2.61
Dr. Sougata Ray	2.04	-
Total	**45.33**	**43.63**

34 Employee benefits

(a) Superannuation

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
Contribution to superannuation fund	106.58	107.69
	106.58	**107.69**

(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 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.

Notes to the Consolidated Financial Statements

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, 2019 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 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.

Details of the funded gratuity and unfunded post retirement pension are as follows:

		Year ended 31 March, 2019		Year ended 31 March, 2018	
		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	1,778.80	1,169.93	1,783.95	1,277.01
b.	Current service cost	96.78	-	97.14	-
c.	Interest cost	127.52	84.95	119.78	86.79
d.	Remeasurement (gains)/losses				
	(i) Actuarial gains and losses arising from changes in demographic assumption	-	-	6.41	-
	(ii) Actuarial gains and losses arising from changes in financial assumption	-	-	(50.12)	(63.63)
	(iii) Actuarial gains and losses arising from changes in experience adjustments	6.69	16.07	(35.96)	(55.82)
e.	Benefits paid	(157.11)	(74.42)	(145.58)	(74.42)
f.	Past service costs	-	-	-	-
g.	Acquisition cost	-	-	3.18	-
	Closing defined benefit obligation	**1,852.68**	**1,196.53**	**1,778.80**	**1,169.93**
2	**Movements in the fair value of the plan assets are as follows:**				
a.	Opening fair value of plan assets	1,753.11	-	1,783.94	-
b.	Interest income	126.15	-	119.78	-
c.	Remeasurement gains/(losses)				
	(i) Return on plan assets (excluding amounts included in net interest expense)	8.41	-	(33.40)	-
d.	Contributions from the employer	122.12	-	25.19	-
e.	Benefits paid	(157.11)	-	(145.58)	-
f.	Acquisition cost	-	-	3.18	-
	Fair value of plan assets as at end of the year	**1,852.68**	**-**	**1,753.11**	**-**

Notes to the Consolidated Financial Statements

		As at 31 March, 2019		As at 31 March, 2018	
		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	1,852.68	-	1,753.11	-
b.	Present value of funded/unfunded defined benefit obligation as at the end of the year	1,852.68	1,196.53	1,778.80	1,169.93
c.	Amount recognised in the balance sheet				
	(i) Retirement benefit liability - Current	-	74.24	25.69	70.23
	(ii) Retirement benefit liability - Non current	-	1,122.29	-	1,099.70

		Year ended 31 March, 2019		Year ended 31 March, 2018	
		Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
		Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
4	**Amounts recognised in the Consolidated Statement of Profit and Loss in respect of these defined benefit plans are as ollows:**				
a.	Service cost				
	(i) Current service cost	96.78	-	97.14	-
	(ii) Past service cost	-	-	-	-
b.	Net interest expense	1.37	84.95	-	86.79
	Components of defined benefit costs recognised in profit or loss	**98.15**	**84.95**	**97.14**	**86.79**
	Remeasurement on the net defined benefit liability:				
c.	The return on plan assets (excluding amounts included in net interest expense)	(8.41)	-	33.40	-
d.	Actuarial gains and losses arising from changes in demographic assumption	-	-	6.41	-
e.	Actuarial gains and losses arising from changes in financial assumption	-	-	(50.12)	(63.63)
f.	Actuarial gains and losses arising from changes in experience adjustments	6.69	16.07	(35.96)	(55.82)
	Defined benefit costs recorded in Other comprehensive income	**(1.72)**	**16.07**	**(46.27)**	**(119.45)**
Total of defined benefit costs		**96.43**	**101.02**	**50.87**	**(32.66)**

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.

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
Category of Plan Assets:	In %	In %
Funded with LIC	**100%**	**100%**

Notes to the Consolidated Financial Statements

		As at 31 March, 2019		As at 31 March, 2018	
		Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
6	**The principal assumptions used for the purposes of the actuarial valuations were as follows:**				
a.	Discount rate (per annum)	7.50%	7.50%	7.50%	7.50%
b.	Expected rate of salary increase (per annum)	8.00%	6.00%	8.00%	6.00%
c.	Mortality rate	Indian Assured Lives Mortality (2006-08) ult.	LIC (1996-98) Annuitants ultimate	Indian Assured Lives Mortality (2006-08) ult.	LIC (1996-98) Annuitants ultimate
d.	Withdrawal rate				
	- Ages from 20-25	1.00%	Refer Note below	1.00%	Refer Note below
	- Ages from 25-30				
	- Ages from 30-35				
	- Ages from 35-50				
	- Ages from 50-55				
	- Ages from 55-58				

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.

7 Duration

Weighted average duration of the defined benefit obligation (Active members)	As at 31 March, 2019		As at 31 March, 2018	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
Number of years	6	11	7	11

	As at 31 March, 2019		As at 31 March, 2018	
	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	262.71	76.98	145.39	72.81
1-2 year	214.52	79.41	267.30	75.34
2-5 years	869.84	250.62	750.54	230.49
Over 5 years	1025.40	852.56	1220.39	718.22

8 The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As at 31 March, 2019		As at 31 March, 2018	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
Present value of defined benefit obligation	1,852.68	1,196.53	1,778.80	1,169.93
Fair value of plan assets	1,852.68	-	1,753.11	-
Funded status	**-**	**(1,196.53)**	**(25.69)**	**(1,169.93)**
Expected contribution (best estimate) to funded plans in subsequent financial year	-	NA	25.69	NA

Notes to the Consolidated Financial Statements

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.93.93 lacs** (increase by **Rs. 106.83 lacs**) [as at 31 March, 2018: decrease by Rs. 104.19 lacs (increase by Rs. 92.58 lacs)].

ii) If the expected salary growth increases/ (decreases) by 100 basis points, the defined benefit obligation would increase by **Rs. 105.29 lacs** (decrease by **Rs. 94.37 lacs**) [as at 31 March, 2018: increase by Rs. 102.96 lacs (decrease by Rs. 93.23 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. 115.06 lacs** (increase by **Rs. 137.54 lacs**) [as at 31 March, 2018: decrease by Rs. 135.73 lacs (increase by Rs. 113.35 lacs)] .

ii) If the expected salary growth increases/ (decreases) by 100 basis points, the defined benefit obligation would increase by **Rs. 138.25 lacs** (decrease by **Rs. 117.56 lacs**) [as at 31 March, 2018: increase by Rs. 136.78 lacs (decrease by Rs. 116.07 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.

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.

(c) Details of the unfunded PRMB are as follows:

		Year ended 31 March, 2019	Year ended 31 March, 2018
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
1	***Reconciliation of opening and closing balances of obligation***		
a.	Opening defined benefit obligation	76.56	81.02
b.	Interest cost	5.65	5.48
c.	Remeasurement (gains)/losses		
(i)	Actuarial gains and losses arising from changes in financial assumption	-	(3.01)
(ii)	Actuarial gains and losses arising from changes in experience adjustments	(4.76)	(1.42)
d.	Benefits paid	(2.35)	(5.51)
e.	Past service costs	-	-
Closing defined benefit obligation		**75.10**	**76.56**
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	75.10	76.56
c.	Amount recognised in the balance sheet		
(i)	Retirement benefit liability - current	7.35	7.37
(ii)	Retirement benefit liability - non current	67.75	69.19

Notes to the Consolidated Financial Statements

3 *Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:*

		As at 31 March, 2019	As at 31 March, 2018
		PRMB	
		Amount (Rs. in lacs)	Amount (Rs. in lacs)
a.	Service cost		
	(i) Current service cost	-	-
	(ii) Past service cost	-	-
b.	Net interest expense	5.65	5.48
Components of defined benefit costs recognised in profit or loss		**5.65**	**5.48**
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	(4.76)	(1.42)
Components of defined benefit costs recorded in other comprehensive income		**(4.76)**	**(4.43)**
Total		**0.89**	**1.05**

4 *The principal assumptions used for the purposes of the actuarial valuations were as follows:*

Rs. in lacs

		As at 31 March, 2019	As at 31 March, 2018
a.	Discount rate (per annum)	7.50%	7.50%
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 The average duration of the defined benefit plan obligation representing average duration for active members is **8 years** (As at 31 March, 2018: 8 years).

6 *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. 5.36 lacs** (increase by **Rs. 6.20 lacs**) [as at 31 March, 2018: decrease by Rs. 6.32 lacs (increase by Rs. 5.47 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 consolidated 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.

Notes to the Consolidated Financial Statements

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.
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 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, 2019	As at 31 March, 2018
(i) Discount rate (per annum)	1	7.50%	7.50%
(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 Miscellaneous 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 Trustees 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. 200.24 lacs** (31 March, 2018: Rs.193.68 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, 2019	As at 31 March, 2018
Discount rates	7.50%	7.50%
Expected yield on plan assets	8.75%	8.75%
Guaranteed Interest Rate	8.65%	8.55%

Notes to the Consolidated Financial Statements

(f) ***Risk Exposure***

Though its defined benefit plans, the Group is exposed to some risks, the most significant 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 increase 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.

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.

(g) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management, the aforesaid matter is not likely to have a significant impact and accordingly, no provision has been made in the consolidated financial statements.

35 Segment Reporting

(a) 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.

Notes to the Consolidated Financial Statements

(c) Segment Disclosures

Rs. in lacs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
Segment revenue		
Sponge Iron	93,873.20	76,123.17
Power	7,004.84	7,243.08
Less: Inter segment transaction	(1,672.74)	(1,701.71)
	99,205.30	**81,664.54**
Segment results		
Sponge Iron	9,427.90	12,468.48
Power	4,120.73	4,750.88
Unallocated income/(expenditure)*	5,535.65	4,125.88
Profit Before Finance Cost and Tax	**19,084.28**	**21,345.24**
Less: Finance costs	302.18	324.67
Profit before tax	**18,782.10**	**21,020.57**
Less: Tax expenses	6,343.43	6,932.62
Profit after tax	**12,438.67**	**14,087.95**
Other comprehensive income	984.57	111.25
Total comprehensive income for the year	**13,423.24**	**14,199.20**

* Includes Interest Income earned during the year **Rs. 3,915.98 lacs** (year ended 31 March, 2018 Rs. 2,762.55 lacs)

Segment assets and liabilities

Rs. in lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Segment assets		
Sponge Iron	66,012.36	44,572.29
Power	4,262.29	4,573.23
Unallocated	62,170.07	72,290.47
	132,444.72	**121,435.99**
Segment liabilities		
Sponge Iron	13,933.26	12,768.36
Power	603.18	711.24
Unallocated	9,545.54	9,303.79
	24,081.98	**22,783.39**

Notes to the Consolidated Financial Statements

(d) Name of customers who contributed 10% or more to the Group's revenue:

(Rs. in lacs)

Name of customer	Year ended 31 March, 2019	Year ended 31 March, 2018
A. Sponge Iron		
K.D Iron & Steel Co.	-	7,898.63
Lhaki Steels & Rolling Private Limited	14,271.04	9,328.79
Sponge Sales India Pvt. Ltd	13,064.93	8,028.80
TATA International Ltd.	9,872.36	7,848.18
	37,208.33	**33,104.40**
B. Power		
Tata Steel Limited	4,314.52	5,457.67
	4,314.52	**5,457.67**
	41,522.85	**38,562.07**

(e) Information about geographical areas revenue :

(Rs. in lacs)

	Year ended 31 March, 2019	Year ended 31 March, 2018
India	73,087.20	63,952.66
Outside India*	19,888.14	11,563.89
*Outside India represents sale to customers in Bhutan.	**92,975.34**	**75,516.55**

(f) Additions to Non - Current assets

(Rs. in lacs)

	As at 31 March, 2019	As at 31 March, 2018
Sponge Iron	8,455.13	682.55
Power	-	-
Unallocated	-	-
	8,455.13	**682.55**

(g) Depreciation and amortisation

(Rs. in lacs)

	Year ended 31 March, 2019	Year ended 31 March, 2018
Sponge Iron	916.97	989.34
Power	240.93	240.94
Unallocated	-	-
	1,157.90	**1,230.28**

Notes to the Consolidated Financial Statements

(h) There were no material non-cash expenditure incurred during the current and previous year.

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

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

Rs. in lacs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Carrying amount as at beginning of the year	2,538.75	2,512.77	601.00	601.00	1,887.91	1,589.31
Provision made during the year	122.46	25.98	-	-	179.71	298.60
Amount paid during the year	-	-	-	-	-	-
Amount reversed during the year	55.46	-	-	-	-	-
Carrying amount as at the end of the year	2,605.75	2,538.75	601.00	601.00	2,067.62	1,887.91
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. 81.23 lacs** (31 March 2018: Rs. 79.29 lacs) have been debited to the Statement of Profit and Loss.

Notes to the Consolidated Financial Statements

39 Expenditure on Corporate Social Responsibility:

a. Gross amount required to be spent by the Group during the year 31 March, 2019 : **Rs. 223.44 lacs** (year ended 31 March, 2018 Rs. 179.22 lacs)

b. Amount spent during the year ended 31 March, 2019 (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	163.50	72.75	236.25
		(125.36)	(55.10)	(180.46)
	Total	**163.50**	**72.75**	**236.25**
		(125.36)	**(55.10)**	**(180.46)**

40 The Group did not have any material foreseeable losses on long-term contracts as at 31 March, 2019. The Group did not have any derivative contracts as at 31 March, 2019.

41 Pursuant to the Business Transfer Agreement ('BTA') entered into between Tata Steel Limited (Group's holding Company) and Usha Martin Limited ('UML') on 22 September, 2018, its subsequent novation in favour of the Tata Sponge iron Limited ('TSIL') and approval by the TSIL's shareholders, the acquisition of steel business of UML has been completed on 9 April, 2019 ('Acquisition date') inter-alia with payment of cash consideration of Rs. 346,863.36 lacs (after adjustments for negative working capital and hold backs of Rs. 64,000.00 lacs pending transfer of some of the assets including mines and certain land parcels) and compliance with other relevant conditions precedents specified in the BTA by respective parties. TSIL will get back Rs.1,456.53 lacs for steel business BGs. The acquisition would help the Group to diversify beyond sponge iron business and enter into steel business with a focus on specialty long products portfolio.

The acquisition date being subsequent to the balance sheet date, no adjustments have been made in the consolidated financial statements for the year ended 31 March, 2019. The Group inter-alia is in the process of determining the fair values of acquired assets and liabilities and accordingly the initial accounting for the business combination is not complete and therefore, no further disclosures are applicable.

42 Standards issued and but not yet effective

The Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019 including the following amendments to Ind AS which the Company has not applied in these standalone financial statements as they are effective for annual periods beginning on or after 1 April, 2019.

Ind AS 116 – 'Leases'

Ind AS 116 will impact primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right-of-use the leased item) and a financial liability to pay rentals for almost all lease contracts. An optional exemption exists for short-term and low-value leases.

Appendix C, 'Uncertainty over Income Tax Treatments', to Ind AS 12, 'Income Taxes'

This appendix clarifies how the recognition and measurement requirements of Ind AS 12 'Income Taxes' are applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The Company is in the process of evaluating the impact of adoption of above amendments on its standalone financial statements.

Notes to the Consolidated Financial Statements

43 Details relating to Group's subsidiaries are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
			As at 31 March, 2019	As at 31 March, 2018
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.

44 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. 4.82 lacs**, which is held in abeyance due to pending legal cases.

45 Disclosure of additional information as required 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)	2018-19	99.89%	108,241.23	99.96%	12,433.16
TSIL Energy Limited (Subsidiary)	2018-19	0.11%	121.51	0.04%	5.51
Total		**100.00%**	**108,362.74**	**100.00%**	**12,438.67**

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)	2018-19	100.00%	984.57	99.96%	13,417.73
TSIL Energy Limited (Subsidiary)	2018-19	-	-	0.04%	5.51
Total		**100.00%**	**984.57**	**100.00%**	**13,423.24**

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

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman
DIN: 03083605

Sanjay Kumar Pattnaik
Managing Director
DIN: 00256832

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

Notice

Notice of the Annual General Meeting of the Company

Notice is hereby given that the Thirty-Sixth Annual General Meeting ('AGM') of the members of Tata Sponge Iron Limited will be held on Monday, July 15, 2019 at 11:00 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, 2019 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, 2019 together with the Report of the Auditors thereon.

2. Declaration of dividend:

To declare dividend of ₹ 12.50 per Equity Share of ₹ 10/- each for the financial year 2018-19.

3. Re-appointment of Mrs. Meena Lall as a director liable to retire by rotation:

To appoint a Director in place of Mrs. Meena Lall (DIN: 05133322) who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 ("Act") and, being eligible, seeks re-appointment.

SPECIAL BUSINESS

4. Appointment of Mr. T.V. Narendran as a Director

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

"**RESOLVED THAT** Mr. T. V. Narendran (DIN: 03083605), who was appointed by the Board of Directors as an Additional Director of the Company effective January 12, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and Article 109 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company."

5. Appointment of Mr. Koushik Chatterjee as a Director

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

"RESOLVED THAT Mr. Koushik Chatterjee (DIN: 00004989), who was appointed by the Board of Directors as an Additional Director of the Company effective January 12, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and Article 109 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. Appointment of Dr. Sougata Ray as an Independent Director

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

"**RESOLVED THAT** Dr. Sougata Ray (DIN: 00134136), who was appointed by the Board of Directors as an Additional Director of the Company effective January 12, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and Article 109 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, Dr. Sougata Ray, who meets the criteria for independence as provided in Section 149(6) of the Act and who has submitted a declaration to that effect, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a term of five years commencing January 12, 2019 through January 11, 2024."

7. Appointment of Mr. Ashish Anupam as a Director

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

"**RESOLVED THAT** Mr. Ashish Anupam (DIN: 08384201), who was appointed by the Board of Directors as an Additional Director of the Company effective March 14, 2019 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") and Article 109 of the Articles of Association of the Company and who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Commission to Non-Executive Directors of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), as amended from time to time, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and/or Whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors of the Company and such payments shall be made in respect of the profits of the Company for each year, commencing April 1, 2019."

9. Ratification of Cost Auditors' remuneration

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

"**RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any amendment, modification or variation thereof, the Company hereby ratifies the remuneration of ₹ 6 lakh plus applicable taxes and out-of-pocket expenses payable to Messrs Shome & Banerjee, Cost Accountants (Firm Registration Number - 000001) who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as the Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014, for the Financial Year ending March 31, 2020.

RESOLVED FURTHER THAT the Board of Directors (which term includes a duly constituted Committee of the Board of Directors) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution and / or otherwise considered by them to be in the best interest of the Company."

10. To change the name of the Company and consequent amendments in the Memorandum and Articles of Association of the Company

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

"RESOLVED THAT pursuant to the provisions of Section(s) 4, 13, 14, 15 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with applicable Rules framed thereunder including any statutory modification(s) or re-enactment(s) thereof for the time being in force, the Regulation 45 and other applicable provisions of the Securities and Exchange Board of India ("SEBI") (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any amendment, modification or variation thereof or any other applicable law(s), regulation(s), guideline(s), and subject to the approvals, consents, sanctions and permissions of the Central Government / Stock Exchange(s) / appropriate regulatory and statutory authorities, consent of the Company be and is hereby accorded to change the name of the Company from "Tata Sponge Iron Limited" to "Tata Steel Long Products Limited" or such other name as may be approved by the Ministry of Corporate Affairs / Registrar of Companies.

RESOLVED FURTHER THAT pursuant to Section(s) 13, 14 and other applicable provisions, if any, of the Act, and consequent to the change of name of the Company, the name "Tata Sponge Iron Limited" wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the new name "Tata Steel Long Products Limited" or such other name as may be approved by the Ministry of Corporate Affairs / Registrar of Companies.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any of its duly constituted Committee) or any officer/executive/representative and/or any other person so authorized by the Board, is hereby authorized to accept any other name approved by the relevant statutory authorities and seek approval for the change in the name of the Company accordingly without any further reference to the Members for their approval.

RESOLVED FURTHER THAT the Board or any officer/executive/representative and/or any other person so authorized by the Board, be and is hereby authorized severally, on behalf of the Company to do all such acts, deeds, things and execute all such documents, instruments, writings, as its in its absolute discretion including all necessary filings, it may be considered necessary,

expedient or desirable, including power to sub-delegate, in order to give effect to the foregoing resolution or otherwise as considered by the Board to be in the best interest of the Company as it may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the aforesaid powers/authorities to any Committee of Directors, to Director(s), officers, legal counsel, advisors or consultants of the Company."

11. Shifting of Registered Office of the Company from the State of Odisha to the State of West Bengal

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

"RESOLVED THAT pursuant to the provisions of Section(s) 12, 13 and all other applicable provisions, if any, of the Companies Act, 2013 ('the Act') read with relevant rules thereunder (including any statutory modification(s), or re-enactment(s) thereof for the time being in force) and relevant provisions of the Articles of Association of the Company, and subject to the approval of the Central Government (power delegated to Regional Director) and/or any other authority(ies) as may be prescribed from time to time and subject to such other approvals, permissions and sanctions, as may be required under the provisions of the said Act or under any other law for the time being in force, consent of the members of the Company be and is hereby accorded for shifting the Registered Office of the Company from the State of Odisha (i.e. from the jurisdiction of Registrar of Companies, Cuttack, Odisha) to the State of West Bengal (i.e. to the jurisdiction of Registrar of Companies, Kolkata, West Bengal) and that Registered Office Clause (Clause II) of the Memorandum of Association of the Company be substituted with the following clause:

II. The Registered Office of the Company will be situated in the State of West Bengal.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall deem to include any of its duly constituted Committee) or any officer/executive/representative and/or any other person so authorized by the Board, be and is hereby authorized on behalf of the Company to make any modifications, changes, variations, alterations or revisions stipulated by any authority, while according approval, consent as may be considered necessary and to appoint counsels/consultant and advisors and to file applications/petitions, issue notices, advertisements, obtain orders for shifting of Registered Office from the authorities concerned and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary and to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the aforesaid powers/authorities to any committee of Directors, to Director(s), officers, legal counsel, advisors or consultants of the Company."

12. 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 a Special Resolution:

"RESOLVED THAT in partial modification of Resolution No. 7 passed at the thirty-fourth Annual General Meeting of the Company held on August 04, 2017 and in accordance with the provisions of Section 197 and any other applicable provisions, if any, of the Companies Act, 2013 ("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 terms and conditions of remuneration of Mr. Sanjay Kumar Pattnaik, Managing Director (DIN: 00256832), as per details set out in the Explanatory Statement annexed to this Notice.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in the foregoing resolution are hereby approved, ratified and confirmed in all respects including payments made to Mr. Sanjay Kumar Pattnaik, Managing Director (DIN: 00256832) of the Company during financial year 2018-19.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee of Directors) be and is hereby authorised to alter and vary terms of remuneration, within the overall limits prescribed under the Act, as may be agreed upon between the Board of Directors and Mr. Sanjay Kumar Pattnaik.

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."

13. Approval of Material Related Party Transactions with Tata Steel Limited

To consider and, if thought fit, to pass 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 the Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) for each of the financial year 2019-20 and 2020-21, 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 on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 1,400 crore per annum, out of which ₹ 980 crore is incremental to the transactions of ₹ 420 crore already approved by the shareholders during the financial year 2018-19, 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 respect."

14. Approval of Material Related Party Transactions with Tata Steel Limited

To consider and, if thought fit, to pass 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 the Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) for each of the financial year 2019-20 and 2020-21, 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 sale of different grades of steel and alloy steel, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 400 crore per annum, 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 respect."

15. Approval of Material Related Party Transactions with Tata Steel Limited

To consider and, if thought fit, to pass 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 the Shareholders be and is hereby accorded to the Board of Directors of the Company to enter into contract(s)/ arrangement(s)/ transaction(s) for each of the financial year 2019-20 and 2020-21, 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 coal, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 130 crore per annum, 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 respect."

16. Approval of Material Related Party Transactions with Tata International Singapore PTE Ltd

To consider and, if thought fit, to pass 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 the 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 imported coal, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 1,000 crore per annum for each of the financial year 2019-20 and 2020-21, out of which ₹ 550 crore is incremental to the transactions of ₹ 450 crore already approved by the shareholders during the financial year 2018-19, 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 respect."

17. Approval of Material Related Party Transactions with Tata International Limited

To consider and, if thought fit, to pass 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 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 ₹ 500 crore per annum for each of the financial year 2019-20 and 2020-21, out of which ₹ 200 crore is incremental to the transactions of ₹ 300 crore already approved by the shareholders during the financial year 2018-19, 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 respect."

18. Approval of Material Related Party Transactions with TS Global Procurement Co. Pte. Ltd.

To consider and, if thought fit, to pass 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 TS Global Procurement Co. 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 coking coal, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 1,200 crore per annum for each of the financial year 2019-20 and 2020-21, 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 respect."

Notes:

1) The Statement, pursuant to Section 102 of the Companies Act, 2013 with respect to Item Nos. 4 to 18 forms part of this Notice. Additional information, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India in respect of Directors seeking appointment/re-appointment at the Annual General Meeting ('Meeting') is furnished as annexure to the Notice.

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.**

Members are requested to note that 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 Monday, July 08, 2019 to Monday, July 15, 2019 (both days inclusive) for the purpose of Annual General Meeting and dividend for the financial year 2018-19.

6) Dividend, if declared, will be paid to those shareholders:

   I. In respect of Equity shares held in physical form, to all those Members whose names appear on the Company's Register of Members as on Saturday, July 06, 2019.

   II. In respect of Equity Shares held in electronic form, to all beneficial owners of the shares, as per details furnished by the Depositories for this purpose, as of the close of business hours on Saturday, July 06, 2019.

   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 2011-12 to 2017-18 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 2018-19 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 2018- 19 are being sent by the permitted mode. Members may note that the Annual Report 2018-19 is also 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 Annual General Meeting. 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) During Financial Year 2018-19, the Securities and Exchange Board of India ("SEBI") and Ministry of Corporate Affairs ("MCA") has mandated that existing Members of the Company who hold securities in physical form and intend to transfer their securities after April 1, 2019, can do so only in dematerialized form. Therefore, Members holding shares in physical form are requested to consider converting their shareholding to dematerialised form to eliminate all risks associated with physical shares for ease of portfolio management as well as for ease of transfer, if required. Shareholders can write to the Company at investorcell@tatasponge.com or contact the Registrars and Transfer Agent - TSR Darashaw Limited at csg-unit@tsrdarashaw.com or can call +91 22 6656 8484 for assistance in this regard.

16) Pursuant to the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, Messrs. Price Waterhouse & Co Chartered Accountants LLP (Firm Registration Number: 304026E/E-300009), 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 ratification of their appointment by Members at every AGM, if so required under the Act. The requirement to place the matter relating to appointment of auditors for ratification by Members at every AGM has been done away by the Companies (Amendment) Act, 2017 with effect from May 07, 2018. Accordingly, no resolution is being proposed for ratification of appointment of statutory auditors at the ensuing AGM and a note in respect of same has been included in the Notice for this AGM.

17) 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"). 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 Mr. Navin Kothari, (Membership No. FCS 5935, C.P. No. 3725), Practising Company Secretary, having office at 159, Rabindra Sarani, 9th Floor, Kolkata – 700 007, 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.

The instructions for e-voting are as under:

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 e-services i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL e-services 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 110715 then user ID is 110715001

5. Your password details are given below:
   a) If you are already registered for e-Voting, then you can use 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.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-voting system of NSDL.
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 Homepageofe-voting,clickone-Voting.Then,clickonActiveVoting 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 kothari.navin@yahoo.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. Other Instructions:

a. The remote e-voting period commences on Friday, July 12, 2019 (09:00 A.M.) and ends on, Sunday, July 14, 2019 (05:00 P.M.). During this period, Members of the Company holding shares either in physical form or in dematerialised form, as on Monday, July 08, 2019, i.e. the cut-off date, may cast their vote by remote e-voting. The remote 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. Monday, July 08, 2019 and as per the Register of Members of the Company. 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 only shall be entitled to avail the facility of remote e-voting either through remote e-voting or voting at the Annual General Meeting through e-voting or ballot paper.

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 (AGM) and holding shares as of the cut-off date, i.e. Monday, July 08, 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or csg-unit@tsrdarashaw.com 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 have forgotten your password, you can reset your password by using "Forgot 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. At the Annual General Meeting, at the end of the discussion of the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, allow voting for all those Members who are present but have not cast their vote electronically using the remote e-voting facility.

f. All documents referred to in the accompanying Notice and the 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.

g. 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:

Address: NSDL, Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Lower Parel, Mumbai – 400013; E-mail Id and Phone Number(s): pallavi@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, 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.

b. The Chairman or a person authorized by him in writing shall declare the result of the voting forthwith.

c. 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 by the Chairman or any other person authorized by the Chairman, and the same shall be communicated 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

Sanjay Kasture
Chief Risk & Compliance Officer and
Company Secretary
(ACS: 24429)
Mumbai
April 18, 2019

Registered Office:
Tata Sponge Iron Limited
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. 4 to 18 mentioned in the accompanying Notice.

Item No 4

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ("Board"), appointed Mr. T.V. Narendran as an Additional (Non-Executive Non-Independent) Director on January 12, 2019. Pursuant to the provisions of Section 161 of the Act and Article 109 of the Articles of Association of the Company, Mr. T.V. Narendran will hold office upto the date of ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160 of the Act, received a notice in writing, from a member, proposing the candidature of Mr. Narendran for the office of Director.

The Company has received from Mr. Narendran (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) a declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

The profile and specific areas of expertise of Mr. Narendran are provided as an annexure to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Narendran, to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 4 of the Notice.

The Board recommends the resolution set forth in Item No. 4 for the approval of the Members.

Item No 5

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors **("**Board**"),** appointed Mr. Koushik Chatterjee as an Additional (Non-Executive Non-Independent) Director on January 12, 2019. Pursuant to the provisions of Section 161 of the Act and Article 109 of the Articles of Association of the Company, Mr. Koushik Chatterjee will hold office upto the date of ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160 of the Act, received a notice in writing, from a member, proposing the candidature of Mr. Chatterjee for the office of Director.

The Company has received from Mr. Chatterjee (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) a declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

The profile and specific areas of expertise of Mr. Chatterjee are provided as an annexure to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Chatterjee, to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the resolution set forth in Item No. 5 for the approval of the Members.

Item No 6

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors ("Board"), appointed Dr. Sougata Ray as an Additional (Independent) Director of the Company, not liable to retire by rotation, with effect from January 12, 2019. Pursuant to the provisions of Section 161 of the Act and Article 109 of the Articles of Association of the Company, Dr. Sougata Ray will hold office up to the date of the ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160 of the Act, received a notice in writing from a Member proposing the candidature of Dr. Ray for the office of Director.

The Company has received from Dr. Ray (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014, (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act (iii) a declaration to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and (iv) a declaration pursuant to BSE Circular No. LIST/COMP/14/2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

The resolution seeks the approval of the Members in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, for appointment of Dr. Ray as an Independent Director of the Company for a period commencing January 12, 2019 up to January 11, 2024. Dr. Ray, once appointed, will not be liable to retire by rotation.

In the opinion of the Board, Dr. Ray fulfils the conditions specified in the Act and the Rules made thereunder and he is independent of the Management of the Company. A copy of letter of appointment of Dr. Ray as an Independent Director setting out the terms and conditions is available for inspection without any fee payable by the Members at the Registered Office of the Company during the normal business hours on working days up to the date of the AGM.

The profile and specific areas of expertise of Dr. Ray are provided as an annexure to this Notice.

None of the Director(s) and Key Managerial Personnel of the Company or their respective relatives, except Dr. Ray, to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 6 of the Notice.

The Board recommends the resolution set forth in Item No. 6 for the approval of the Members.

Item No 7

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors **("**Board**"),** appointed Mr. Ashish Anupam as an Additional (Non-Executive Non-Independent) Director on March 14, 2019. Pursuant to the provisions of Section 161 of the Act and Article 109 of the Articles of Association of the Company, Mr. Ashish Anupam will hold office upto the date of ensuing Annual General Meeting ('AGM') and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160 of the Act, received a notice in writing, from a member, proposing the candidature of Mr. Anupam for the office of Director.

The Company has received from Mr. Anupam (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014 (ii) Intimation in Form DIR-8 in terms of the Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164(2) of the Act and (iii) a declaration pursuant to BSE Circular No. LIST/COMP/14/ 2018-19 dated June 20, 2018, that he has not been debarred from holding office of a Director by virtue of any Order passed by SEBI or any other such authority.

The profile and specific areas of expertise of Mr. Anupam are provided as an annexure to this Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Anupam, to whom the resolution relates, is concerned or interested in the Resolution mentioned at Item No. 7 of the Notice.

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

Item No 8

Section 197 of the Act permits payment of remuneration to Non-Executive Directors of a Company by way of commission, if the Company authorises such payment by way of a resolution of Members. Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 authorises the Board of Directors to recommend all fees and compensation, if any, to Non-Executive Directors, including Independent Directors and shall require approval of members in general meeting. The Members of the Company at the 32nd Annual General Meeting of the Company held on August 21, 2015, approved payment of commission to Non Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company for a period of five years commencing from April 1, 2014.

Considering the rich experience and expertise brought to the Board by the Non-Executive Directors, it is proposed that remuneration not exceeding one percent per annum of the net profits of the Company calculated in accordance with provisions of Section 197 of the Act, be continued to be paid and distributed amongst the Non-Executive Directors of the Company in accordance with the recommendations of the Nomination and Remuneration Committee and approved by the Board of Directors of the Company. Such payment will be in addition to the sitting fees for attending Board/Committee meetings.

Except the Non-Executive Directors, none of the other Directors, Key Managerial Personnel or their respective relatives, of the Company are concerned or interested in the Resolution mentioned at Item No. 8 of the notice.

The Board recommends the resolution set forth in Item No. 8 for the approval of the Members.

Item No 9

Based on the recommendation of the Audit Committee, the Board at its meeting held on April 18, 2019, appointed Messrs. Shome & Banerjee, Cost Accountants, (Firm Registration No.: 000001) to conduct the Cost Audit for the financial year ending March 31, 2020 at a remuneration of ₹ 6,00,000/- (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. 9 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. 9 for approval of the Members.

Item No 10

Tata Sponge Iron Limited ("Company" or "Tata Sponge") has been evaluating various strategic options beyond the manufacturing of sponge iron, to enhance its product portfolio and has identified an entry into steel manufacturing in long products as a route to ensure sustainable long-term value creation for all its stakeholders. Besides the inherent synergistic and associated nature of the business, long products steel continues to see growing and robust demand in the Indian market with potential for value accretion.

The Board of Tata Sponge has on October 24, 2018 approved the acquisition of steel business of Usha Martin Limited ("UML"). UML's steel business has a rich product mix of carbon steel & alloy

steel category which caters to automotive customers as well as produces high-end wire rods.

Subsequently, the Company has signed a conveyance deed with UML on April 09, 2019, by which the steel business of UML has formed part of Tata Sponge. The steel business acquired inter-alia comprises a specialised ~1.0 mtpa alloy based manufacturing capacity in long products segment based in Jamshedpur, an operational iron-ore mine, a coal mine under development and captive power plants.

In order to align the name of the Company with the newly acquired steel business, which shall be one of the main business activities of the Company going forward, it is desirable to change the name of the Company.

The Board of Directors at its meeting held on April 18, 2019, has approved the proposal to change the name of the Company from "Tata Sponge Iron Limited" to "Tata Steel Long Products Limited" or such other name as may be approved by the Registrar of Companies.

Pursuant to Section 13 and 14 of the Act, change in name of the Company and consequent amendment in the Memorandum and Articles of the Company requires approval of the Members of the Company by way of special resolution.

The proposed change of name will not affect any of the rights of the Company or of the shareholders/stakeholders of the Company. All existing share certificates bearing the current name of the Company will, after the change of name, continue to be valid for all purposes.

The Board of Directors recommends passing of the Special Resolution set forth in Item No. 10 of the accompanying Notice for approval of the Members.

None of the Directors, Key Managerial Personnel or their relatives are in anyway, concerned or interested financially or otherwise in the said resolution.

Item No 11

Presently the Registered Office of the Company is situated in the State of Odisha. Tata Steel is the parent Company of Tata Sponge and all major Tata Steel Group companies, have their registered offices in Kolkata, West Bengal. For ease of liaising with common regulatory authorities and to meet other compliance requirements smoothly, the Company proposes to shift its Registered Office within the same jurisdiction i.e. to the State of West Bengal and within the jurisdiction of the Registrar of Companies at Kolkata. To improve operational efficiency and convenience of the Board of Directors and to streamline the management of affairs, the Board of Directors of the Company at its meeting held on April 18, 2019, accorded their recommendation to shift the Registered Office of the Company from the State of Odisha to the State of West Bengal.

The shifting of Registered Office of the Company from the State of Odisha to the State of West Bengal is in the best interest of the Company, shareholders and all concerned parties and shall not be detrimental to the interest of members of the public, shareholders, creditors or employees, in any manner whatsoever.

In terms of the provisions of Section(s) 12, 13, 14 and all other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with applicable Rules and Regulations made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), shifting of the Registered Office from one State to another and alteration of Registered Office Clause (Clause II) of the Memorandum of Association ("MOA") of the Company requires the approval of the Members of the Company by means of a Special Resolution and subsequent approval of the Central Government (the power being delegated to Regional Director).

In view of the above, the approval of the Members is sought for shifting of the Registered Office of the Company from the State of Odisha to the State of West Bengal, and consequent alteration of Clause II of MOA of the Company.

A draft copy of the modified Memorandum and Articles of Association is available for inspection by the Members of the Company at its Registered Office during normal business hours on any working day of the Company.

The Board of Directors recommends passing of the Special Resolution set forth in Item No. 11 of the accompanying Notice for approval of the Members.

None of the Directors, Key Managerial Personnel or their relatives are in anyway, concerned or interested financially or otherwise in the said resolution.

Item No 12

The members of the Company at the 34th Annual General meeting held on August 04, 2017, approved the appointment of Mr. Sanjay Kumar Pattnaik as the Managing Director of the Company for a period of three years w.e.f. November 01, 2016. The members at the same meeting also approved the terms and conditions of appointment including the remuneration and authorised the Board of Directors ("Board") of the Company to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board and Mr. Sanjay Kumar Pattnaik. In view of the excellent performance of the Company under the leadership of Mr. Pattnaik, the Board, on the recommendation of Nomination and Remuneration Committee, has approved payment of perquisites/ allowances, in addition to the existing perquisites and allowances, detailed as follows:

Sl. No.	Existing Remuneration	Proposed Remuneration
1.	Salary: In the payscale of ₹ 2,00,000/- to ₹ 5,00,000/- per month (as approved by the shareholders at the 35th Annual General Meeting held on July 18, 2018) with annual increments effective 1st April every year, as may be decided by the Board based on merit and taking into account the Company's performance for the year.	No Change
2.	**Benefits, Perquisites and Allowances:** In addition to the basic salary referred in [1] above, the Managing Director shall be entitled to: A] Rent-free residential accommodation (furnished or otherwise) the Company bearing the cost of repairs, maintenance, society charges and utilities (e.g. gas, electricity and water charges) for the said accommodation, or, House Rent, House Maintenance and Utility Allowances aggregating 85% of the basic salary (in case residential accommodation is not provided by the Company). B] Hospitalisation, Transport, Telecommunication and other facilities C] Other perquisites and allowances given below subject to a maximum of 55% of the annual salary: (i) Allowance for Helper/Education of children/ Other allowances equal to 33.34% of his salary per month. (ii) Leave Travel Concession/ Allowance - The Company shall pay for the Managing Director and his family Leave Travel Allowance equivalent to 8.33% of his salary. (iii) Medical allowance - 8.33% of his salary. (iv) Club membership fee for two clubs (which does not include admission and life membership fee) and (v) Personal Accident Insurance not exceeding ₹ 4000/- per annum; (vi) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity Fund as per the Rules of the Company. (vii) The Managing Director shall be entitled to leave in accordance with the Rules of the Company. Privilege Leave earned but not availed by the Managing Director is encashable in accordance with the Rules of the Company. Both (iv) & (v) put together up to a maximum of 5% of his basic salary.	A] House Rent, House Maintenance and Utility Allowances shall be ₹ 3,44,335 per month w.e.f 1st April, 2019. B] No Change C] No Change D] Long Term Incentive Plan: Deferred cash based incentive scheme as approved by the Board of Directors of the Company. E] Holiday Plan: Holiday plan as approved by the Board of Directors of the Company subject to maximum of ₹ 2,00,00 per annum, of which 85% shall be borne by the Company and 15% shall be borne by the individual.
3.	**Performance Bonus / Commission:** Managing Director shall be entitled to annual performance linked bonus and/or commission, not exceeding 200% of the annual salary, based on certain performance criteria and such other parameters laid down by the Board/ Committee thereof. These amounts (if any) will be paid after the Annual Accounts have been approved by the Board and adopted by the shareholders.	No Change

The Board of Directors of the Company, in order to achieve long term sustainable and profitable growth of the organization had approved the Long-Term Incentive Plan ("LTIP") - deferred cash based incentive scheme, for the Managing Director of the Company. The LTIP scheme provides incentive for achieving the target performance as per the Board approved criteria in order to achieve long term value creation.

In view of the above, the Board recommends the resolution at item no. 12 for approval of the members.

None of the directors and/or Key Managerial Personnel (KMP) of the Company and/or their respective relative except Mr. Sanjay Kumar Pattnaik, are concerned or interested in the Resolution mentioned at Item No. 12 of the Notice.

Item No 13

Approval of Material Related Party Transactions with Tata Steel Limited ("Tata Steel")

Background and Details of the transaction:

Iron-ore constitutes sizeable part of the total cost of the raw materials of the Company. Consistent, cost effective and assured supply of iron ore of high quality are the most important requirements for continuous operations and higher productivity.

Sale of steel and alloy steel to Tata Steel would provide readymade market for their newly acquired steel plant at Gamharia, Adityapur.

The details of the proposed transactions are as follows:

Iron-ore would be purchased from Tata Steel for the value of ₹ 1,400 crore for each of financial year 2019-20 and 2020-21. It may be noted that right from the Company's inception around 30 years ago, Tata Sponge has been primarily purchasing iron-ore from Tata Steel.

Benefits of purchasing Iron-Ore from Tata Steel:

The iron-ore mines of Tata Steel are situated in the States of Odisha and Jharkhand and located in close proximity to our plants at Joda and Gamharia, Adityapur. The strategic advantages for the Company by purchasing iron-ore from Tata Steel are:

(i) The consistency in supply of high quality and desired quantity of iron-ore is assured, since the supplier, Tata Steel has been supplying to Tata Sponge for the last 30 years.

(ii) The quality of iron ore from Tata Steel mines is reliable;

(iii) Tata Steel also gives commercial discount over and above the e-auction price of iron-ore notified by the State Public Sector Company, Odisha Mining Corporation;

(iv) The cost of transportation is minimal. As such, the landed cost of iron-ore at Tata Sponge plant by purchasing from Tata Steel is most advantageous to Tata Sponge.

(v) The mines are well connected to our plants which ensures regular and steady supply.

Hence, purchase of iron ore from Tata Steel is advantageous to Tata Sponge.

In order to meet the enhanced requirements of iron ore for the newly acquired steel plant at Ghamaria, Adityapur, in addition to the existing requirement for sponge iron plant at Joda, approval of the shareholders is sought for an amount of ₹ 1,400 crore per annum as compared to the approvals sought during FY'19 for an amount of ₹ 420 crore per annum.

Approval being sought for two financial years:
Tata Sponge had sought approval of the Shareholders for purchase of iron ore from Tata Steel through Postal Ballot and the resolution was passed on September 17, 2018, for an amount of ₹ 420 crore per annum for two financial years i.e. 2018-19 and 2019-20. Since, the approval would expire on March 31, 2020, it is necessary to obtain approval of the Shareholders in order to ensure uninterrupted operations of the Company, post March 31, 2020. The Company has completed the acquisition of steel business undertaking of Usha Martin Limited on April 09, 2019 and this requires additional quantity of iron ore for producing steel.

In the aforesaid background, the Company explains below further details:
Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require 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 the 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 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, 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 ₹ 992.05 crore for the financial year 2018-19 and 10% of which is equal to ₹ 99.20 crore. Hence, it is proposed to secure shareholders' approval for the following related party contracts/ arrangements to be entered during each of financial years 2019-20 and 2020-21.

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

1. **Name of the related party**
   Tata Steel Limited ("Tata Steel")

2. **Name of the Director or Key Managerial Personnel who is related, if any**
   a. Mr. T.V. Narendran, Director;
   b. Mr. Koushik Chatterjee, Director.

3. **Nature of relationship**
   Tata Steel is a holding Company having 54.50% shares in the paid up capital of the Company.

4. **Nature, material terms, monetary value and particulars of the contract or arrangement**
   Right from its inception around 30 years ago, the Company has been purchasing iron ore from Tata Steel. As enumerated above the Company gets qualitative and quantitative advantages by usage of iron ore purchased from Tata Steel.

   The pricing mechanism for purchase of iron ore is purely market based. The latest auction price of State Public Sector Company, Odisha Mining Corporation (OMC) will be considered as base/ indicative price for purchase of iron ore. Further Tata Steel also gives commercial discount on the e-auction price of iron-ore notified by OMC.

   The maximum value of such transactions will be capped at ₹ 1,400 crores for iron ore purchase for each of the financial year 2019-20 and 2020-21.

5. **Rationale behind the resolution**
   The advantages associated in transacting with Tata Steel for purchase of iron ore are given below:

   A. Lower logistics Cost due to close proximity with Tata Steel Mines:
   The Company has been purchasing iron ore from the nearby mines of Tata Steel, since inception of Tata Sponge Iron Ltd around 30 years ago. Tata Steel is operating several iron ore mines in the State of Odisha and Jharkhand, for many decades. The Tata Steel iron ore mines are situated at a distance of approximately 15-35 Kms from its sponge plant at Joda and around 150 kms from its newly acquired steel plant at Gamharia, Adityapur. As such sourcing of iron ore from these nearby mines of Tata Steel is beneficial for the Company as it helps the Company to save on inward logistics costs as compared to purchase from other sources.

B. Quality & Quantity of Iron Ore:
The principal raw material for manufacture of both sponge iron and steel is iron ore. Hence, the key success factor of the Company inter-alia is procurement of right quantity and quality of iron ore. A consistent supply of high quality of iron ore from Tata Steel, is a huge advantage to the Company in terms of increased campaign life, productivity and profitability of the Company.

6. Arm's Length Pricing Vetted by an Affiliate of a Global Accounting & Advisory Firm:
The transactions with Tata Steel for purchase of iron ore is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transactions have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

This arrangement is at arm's length basis and in the ordinary course of business.

Except Mr. T.V Narendran and Mr. Koushik Chatterjee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said resolution mentioned at Item no. 13 of the Notice.

The Board recommends the resolution set forth in Item no. 13 for approval of the Members.

Item No 14

Approval of Material Related Party Transactions with Tata Steel Limited ("Tata Steel")

Sale of steel and alloy steel to Tata Steel would provide readymade market for our newly acquired steel plant at Gamharia, Adityapur.

The details of the proposed transactions are as follows:

Different grades of Steel would be sold to Tata Steel for the value of approx. ₹ 400 crore for each of the financial year 2019-20 and 2020-21.

Benefits of selling different grades of steel and alloy steel to Tata Steel:

Tata Steel is the parent Company of Tata Sponge Iron Limited. Their requirement of steel and alloy steel which they normally procure from companies outside the group can now be partly met by Tata Sponge at competitive prices. Tata Sponge benefits in terms of readymade market and a reliable customer for their newly acquired steel and alloy steel plant at Gamharia, Adityapur.

Considering available customer base in High carbon wire rods, Tata Steel is amongst the most attractive in terms of steadiness of requirement and price position. Moreover, it is also a strategic segment as they cater to a range of wire applications viz. LRPC, Springs, tyre chord and retail. The payment terms are also secured with Tata Steel.

Approval being sought for two financial years:
Approval is sought from the Shareholders for the sale of steel and alloy steel to Tata Steel upto an amount of ₹ 400 crore per annum for each of the financial year 2019-20 and 2020-21.

In the aforesaid background, the Company explains below further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require 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 the 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, 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 ₹ 992.05 crore for the financial year 2018-19 and 10% of which is equal to ₹ 99.20 crore. Hence, it is proposed to secure shareholders' approval for the following related party contracts/ arrangements to be entered during each of financial year 2019-20 and 2020-21.

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

1. **Name of the related party**
   Tata Steel Limited ("Tata Steel")
2. **Name of the Director or Key Managerial Personnel who is related, if any**
   a. Mr. T.V. Narendran, Director;
   b. Mr. Koushik Chatterjee, Director.
3. **Nature of relationship**
   Tata Steel is a holding Company having 54.50% shares in the paid up capital of the Company.
4. **Nature, material terms, monetary value and particulars of the contract or arrangement**
   The pricing mechanism for sale of steel and alloy steel is market driven. Sale of steel and alloy steel to Tata Steel will be at comparable prices and in respect of sale alloy steel, the Company benefits in terms of assured market.

The maximum value of such transactions will be capped at ₹ 400 crore for sale of steel and alloy steel for each of the financial year 2019-20 and 2020-21.

5. **Rationale behind the resolution:**
The advantages associated in transacting with Tata Steel for sale of steel are given below:

   i) **Sale of steel and alloy steel to Tata Steel at Comparable price will ensure readymade market for newly acquired steel plant at Gamharia, Adityapur.**
   Tata Steel is currently sourcing its alloy steel requirement for its bar mill from different manufacturers in open market. With acquisition of steel business by Tata Sponge in April, 2019, the Company would be in a position to meet their part requirements of alloy steel at comparable prices.

   Tata Steel being the holding company, it would help Tata Sponge to establish a reliable customer relationship while ensuring steady market.

6. **Arm's Length Pricing Vetted by an Affiliate of a Global Accounting & Advisory Firm:**
The transactions with Tata Steel for sale of Steel, is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transactions have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

   This arrangement is at arm's length basis and in the ordinary course of business.

None of the Directors except Mr. T.V Narendran and Mr. Koushik Chatterjee or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution mentioned at Item no. 14 of the Notice.

The Board recommends the resolution set forth in Item no. 14 for approval of the Members

Item No 15

Approval of Material Related Party Transactions with Tata Steel Limited ('Tata Steel')

Background and Details of the transaction:
The Company has completed the acquisition of the steel business undertaking of Usha Martin Limited on April 09, 2019. Coking coal is one of the key raw materials for manufacture of coke for use in blast furnaces.

Benefits of purchasing coking coal from Tata Steel Limited
Coking coal gives flexibility of alternate material available at ports with minimum lead time of buying. Tata Steel buys coal in bulk which gives price advantage as they import from mine owners directly which leverages advantage of shipping cost. Tata Sponge requires smaller quantity of different grades in comparison with Tata Steel, to optimize blend to reduce its cost and importing these materials directly may cost more.

Approval being sought for two financial years:

Approval is sought from the Shareholders for the purchase of coking Coal from Tata Steel for each of the financial year 2019-20 and 2020-21.

In the aforesaid background, the Company explains below further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require 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 the 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, 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 ₹ 992.05 crore for the financial year 2018-19 and 10% of which is equal to ₹ 99.20 crore. Hence, it is proposed to secure shareholders' approval for the following related party contracts/ arrangements to be entered each for the financial year 2019-20 and 2020-21.

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

1. **Name of the related party**
Tata Steel Limited ("Tata Steel")

2. **Name of the Director or Key Managerial Personnel who is related, if any**
   a. Mr. T.V. Narendran, Director;
   b. Mr. Koushik Chatterjee, Director.

3. **Nature of relationship**
Tata Steel is a holding Company having 54.50% shares in the paid up capital of the Company

4. **Nature, material terms, monetary value and particulars of the contract or arrangement:**
The Company intends to procure coking coal from Tata Steel. The purchase price for the Company will be the negotiated price by Tata Steel with the original supplier plus an agreed fee towards their establishment expenses and margin. Freight

and other charges will be paid at actuals. Maximum value of transactions in a financial year is expected to be ₹ 130 crore.

5. **Rationale behind the resolution:**
The rationale behind sourcing imported coking coal through Tata Steel is given below.

   A. Quality & Quantity of Coal: The key success factor of the company inter-alia is procurement of right quantity and quality of key raw materials which include coking coal. Consistent supply of desired quality of coal from Tata Steel will help in controlling the cost of operation for manufacturing liquid steel in blast furnace, thereby increasing the profitability of the Company.

6. **Arm's length pricing vetted by an affiliate of a Global Accounting and Advisory firm:**
The transaction with Tata Steel for purchase of coking coal is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transaction have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

   This arrangement is at arm's length basis and in the ordinary course of business.

   Except Mr. T.V. Narendran and Mr. Koushik Chatterjee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution mentioned at Item no. 15 of the Notice.

   The Board recommends the resolution set forth in Item no. 15 for approval of the Members.

Item No 16

Approval of Material Related Party Transactions with Tata International Singapore PTE Ltd. ("TISPL")

Coal is one of the prime raw material of the Company for manufacturing sponge iron. Coal also constitutes major part of hot metal produced at newly acquired steel plant at Ghamaria (Adityapur). Consistent, cost effective and assured supply of coal of desired quality is the most important requirement for continuous plant operations and better productivity. Tata Sponge gets its coal primarily from South Africa which meets the required quality parameters suitable for sponge iron making. With the acquisition of steel business in Adityapur, the Company would now operate 8 sponge iron kilns as against 3 kilns, as it was having earlier. High calorific value thermal coal is sufficiently not available in India and requires import.

The details of the proposed transactions are as follows:

Coal would be purchased from TISPL for the value of ₹ 1,000 crore for each of the financial year 2019-20 and 2020-21. It may be pertinent to note that Tata Sponge has been purchasing coal through TISPL since last 6 years.

Benefits of purchasing Coal from Tata International Singapore PTE Ltd ("TISPL"):

Tata Sponge has experimented various types of imported high calorific value thermal coal and has identified certain South African grades of coal as the most appropriate for its use in sponge iron kilns considering the technical fit / yield and landed cost economics.

TISPL has significant presence in South Africa and has deep knowledge about trading of coal and access to sourcing channels / miners, expertise in shipping, freight operations and market intelligence.

In the above business backdrop, Tata Sponge derives significant value in leveraging TISPL's expertise in the following ways:

a. Sourcing Cost – TISPL by virtue of its size / trading book has a better negotiation position with the miners / suppliers, to secure competitive sourcing rates.

b. Freight Benefits – Further as trading company, TISPL is able to plan large vessels size (Panamax) instead of Supramax vessels, such that additional quantity is sold by TISPL to other customers and Tata Sponge benefits from lower freight. This improves the overall landed cost economics for Tata Sponge.

c. Flexibility – Under this arrangement, TISPL provides value added services to Tata Sponge, such as change in scheduling/ lay cans, shipment sizes to meet Tata Sponge's dynamic plant inventory situations.

d. Professional Services – Being a Tata group Company, TISPL offers professional and transparent business services to secure coal supply. TISPL charges a fixed commission per ton for the services including port documentation, commercial formalities and their cost of fund etc.

Approval being sought for two financial years:

Tata Sponge had sought approval of the Shareholders for the said transaction through Postal Ballot and the resolution for the said transaction was passed on September 17, 2018, for an amount of ₹ 450 crore. The Approval was sought for each of the financial years i.e. 2018-19 and 2019-20. Since, the approval would expire on March 31, 2020, it is necessary to obtain approval of the Shareholders in order to ensure uninterrupted operations of the Company. After acquisition of steel business at Adityapur, the requirement for import of coal would increase substantially.

In the aforesaid background, the Company explains below further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require 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 the 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, 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 ₹ 992.05 crore for the financial year 2018-19 and 10% of which is equal to ₹99.20 crore. Hence, it is proposed to secure shareholders' approval for the following related party contracts/ arrangements to be entered during each of financial year 2019-20 and 2020-21.

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

1. **Name of the related party**
   Tata International Singapore PTE Ltd. ("TISPL")

2. **Name of the Director or Key Managerial Personnel who is related, if any**
   None

3. **Nature of relationship**
   Group Company

4. **Nature, material terms, monetary value and particulars of the contract or arrangement:**
   The Company has been importing non-coking coal through TISPL since last 6 years. API-4 index is widely used for determining the coal price in the international market and is the basis for determination of FOB price. Freight & insurance are paid at comparable/actual price. The maximum value of transactions shall be ₹ 1,000 crore each for the financial year 2019-20 and 2020-21.

5. **Rationale behind the resolution:**
   The rationale behind sourcing imported non-coking coal with higher carbon and low ash through TISPL is given below:

   A. **Quality & Quantity of Coal**
   After acquisition of steel business, the Company would now be operating 8 sponge iron kilns as against 3 kilns, it was operating earlier. The Company is operating at over 100% capacity utilisation, while the Industry average in the country is about 70%. The key success factor of the company inter-alia is procurement of right quantity and quality of key raw materials which includes non-coking coal. Consistent supply of desired quality of non-coking coal from TISPL helps in controlling the operating parameters in the sponge iron Kilns, which leads to increased campaign life of the kilns, thereby increasing the productivity and profitability of the Company.

   Usage of such coal increases the production and helps in producing beyond the rated capacity and a major contributing factor for ensuring environmental friendly operations.

   B. **Assured supply at arm's length pricing:**
   In the absence of the Company's own overseas sourcing arm, the Company has made arrangement with TISPL, which is a global trading and distribution company with expertise in trading of thermal coal. The pricing mechanism is based on API-4 Index.

6. **Arm's length pricing vetted by an affiliate of a Global Accounting and Advisory firm:**
   The transaction with TISPL for purchase of coal is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transactions have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

   This arrangement is at arm's length basis and in the ordinary course of business.

   None of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution mentioned at Item no. 16 of the Notice.

   The Board recommends the resolution set forth in Item no. 16 for approval of the Members

Item No 17

Approval of Material Related Party Transactions with Tata International Limited ("Tata International")

Background and Details of the transaction:
Until your Company acquired the steel business undertaking of Usha Martin Limited, Sponge Iron was one of the main product of the Company. As the Company would now operate 8 sponge iron kilns as against 3 kilns, the production of sponge iron is expected to double during FY'20. About 75% of the total production from Joda plant, is sold to domestic consumers and the balance 25% is sold to the customers in the neighbouring countries. The Company regularly exports to such neighbouring countries through Tata International Limited ("Tata International") for more than 15 years which helps Tata Sponge in catering to a wider market.

Benefits of selling sponge iron through Tata International Limited ("Tata International"):

The strategic advantages of selling sponge iron through Tata International, are as follows:

(i) Company does not have its own establishment outside India. Since the Company wants to make its presence felt in the neighbouring countries by providing good quality sponge iron, it is necessary to export through an agency who has the wide foot print in international market. Tata International is a global trading and distribution company. Tata International with its in-depth market knowledge and wide network of establishments across the globe in respect of various minerals and metals including sponge iron, is one of the leaders in international trading.

(ii) Payments are assured through Tata International.

(iii) Since the Company sells Sponge iron in the Business to Business (B2B) segment, it is important to have a portfolio of large customers in domestic and international markets. Tata International with its in-depth expertise in International markets and having worked closely with the Company for the last 15 years is able to fulfill this objective.

(iv) As soon as the product is dispatched from the premises of the plant, the risk of supply of product to the end Customer in international market, gets transferred to Tata International.

Approval being sought for each of the Financial Year 2019-20 and 2020-21:
Approval is sought from the Shareholders for the said transaction with Tata International for each of the financial year 2019-20 and 2020-21.

In the aforesaid background, the Company explains below further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require 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 the 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, 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 ₹ 992.05 crore for the financial year 2018-19 and 10% of which is equal to ₹ 99.20 crore. Hence, it is proposed to secure shareholders' approval for the following related party contracts/ arrangements to be entered each for the financial year 2019-20 and 2020-21.

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

1. **Name of the related party**
   Tata International Limited ("Tata International")

2. **Name of the Director or Key Managerial Personnel who is related, if any**
   None

3. **Nature of relationship**
   Group Company

4. **Nature, material terms, monetary value and particulars of the contract or arrangement:**
   Since the Company sells Sponge iron in the Business to Business ("B2B") segment, it is important to have a portfolio of large customers in domestic and international markets. Tata International with its in-depth expertise in International markets and having worked closely with the Company for the last 15 years, is able to fulfill this objective. Therefore, the Company proposes to sell its Sponge Iron in overseas market through Tata International. The pricing mechanism is purely market based and comparable with prices at which the sponge iron is sold to unrelated parties. As such the transaction with Tata International is at arm's length basis. The maximum value of transactions will be capped at ₹ 500 crore each in financial year 2019-20 and financial year 2020-21.

5. **Rationale behind the resolution:**
   Since the Company sells Sponge iron in the Business to Business (B2B) segment, it is important to have a portfolio of large customers in domestic and international markets. Tata International with its deep expertise in International markets and having worked closely with the Company for the last 15 years, is able to fulfill this objective.

   As a marketing and risk mitigation strategy the Company has been selling about 75% of sponge iron production to the domestic consumers and approximately 25% is exported to the neighbouring countries through Tata International.

   The Company has made arrangements with Tata International, a global trading and distribution company. Tata International with its deep market knowledge and wide network of establishments across the globe in respect of various minerals and metals including sponge iron, is one of the leaders in international trading.

   In order to safeguard the risks relating to bad-debts, the Company instead of selling sponge iron to overseas customers directly, sells to/through Tata International for meeting the customer's requirement in those countries.

6. **Arm's length pricing vetted by an affiliate of a Global Accounting and Advisory firm:**

The transaction with Tata International for sale of sponge iron is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transactions have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the Shareholders.

This arrangement is at arm's length basis and in the ordinary course of business.

None of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution mentioned at Item no. 17 of the Notice.

The Board recommends the resolution set forth in Item no. 17 for approval of the Members.

Item No 18

Approval of Material Related Party Transactions with TS Global Procurement Co. Pte Ltd. ("TS Global")

Background and Details of the transaction:
The Company has taken over the steel division of Usha Martin Limited on April 09, 2019. Coking coal is one of the key raw material for manufacture of coke for use in steel melting in blast furnance. TS Global Procurement Co. Pte. Ltd (TS Global) is a subsidiary of Tata Steel having its base in Singapore. It supplies the requirement of coking coal to Group Companies by procuring in bulk from international coal suppliers.

Benefits of purchasing coking coal from TS Global Procurement Co. Pte Ltd. ("TS Global"):

TS Global, being a fellow subsidiary, has significant presence in procuring coking coal from across the globe and has deep knowledge about trading of coal and access to sourcing channels/miners, expertise in shipping, freight operations and market intelligence. In the above business backdrop, Tata Sponge derives significant value in leveraging TS Global expertise in the following ways:

a) Sourcing Cost – TS Global by virtue of its size / trading book has a better negotiation position with the miners / suppliers, to secure competitive sourcing rates.

b) Freight Benefits – Further as trading company, TS Global is having better freight negotiating power with freight parties due to their bulk purchase. This improves the overall landed cost economics for Tata Sponge.

c) Flexibility – Under this arrangement, TS Global provides value added services to Tata Sponge, such as change in scheduling/ lay cans, shipment sizes to meet Tata Sponge's dynamic plant inventory situations.

d) Professional Services – Being a fellow subsidiary, TS Global offers professional and transparent business services to secure coal supply. TS Global will charge a nominal fee for the services including port documentation, commercial formalities and their establishment cost etc.

Approval being sought for two financial years:
Approval is sought from the Shareholders for the purchase of coking Coal from TS Global Procurement Co. Pte Ltd. ("TS Global") for each of the financial year 2019-20 and 2020-21.

In the aforesaid background, the Company explains below further details:

Section 188 of the Companies Act, 2013 and the applicable Rules framed thereunder provide that any Related Party Transaction will require 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 the 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, 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 ₹ 992.05 crore for the financial year 2018-19 and 10% of which is equal to ₹ 99.20 crore. Hence, it is proposed to secure shareholders' approval for the following related party contracts/ arrangements to be entered each for the financial year 2019-20 and 2020-21.

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

1. **Name of the related party**
   TS Global Procurement Co. Pte Ltd. ("TS Global")
2. **Name of the Director or Key Managerial Personnel who is related, if any**
   Mr. Koushik Chatterjee - Director
3. **Nature of relationship**
   Fellow subsidiary
4. **Nature, material terms, monetary value and particulars of the contract or arrangement:**
   The Company intends to procure coking coal from TS Global Procurement Pte Ltd. The purchase price for the Company will be the negotiated price by TS Global with the original supplier plus an agreed fee towards their establishment expenses and margin. Freight and other charges will be paid at actuals.

Maximum value of transactions in a financial year is expected to be ₹ 1,200 crores.

5. **Rationale behind the resolution:**
The rationale behind sourcing imported coking coal through TS Global is given below.

   A. Quality & Quantity of Coal: The key success factor of the company inter-alia is procurement of right quantity and quality of key raw materials which includes coking coal. Consistent supply of desired quality of coal from TS Global helps in controlling the cost of operation for manufacturing liquid steel in blast furnace, thereby increasing the profitability of the Company.

6. **Arm's length pricing vetted by an affiliate of a Global Accounting and Advisory firm:**
The transaction with TS Global for purchase of coking coal is vetted by an affiliate of a Global Accounting and Advisory firm, for the arm's length pricing. The said transaction have been recommended by the Audit Committee and Board of Directors of the Company for consideration and approval by the shareholders.

This arrangement is at arm's length basis and in the ordinary course of business.

Except Mr. Koushik Chatterjee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in anyway, concerned or interested either directly or indirectly in passing of the said Resolution mentioned at Item no. 18 of the Notice.

The Board recommends the resolution set forth in Item no. 18 for approval of the Members.

By Order of the Board of Directors

Sanjay Kasture
Chief Risk & Compliance Officer and
Company Secretary
(ACS: 24429)
Mumbai
April 18, 2019

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

Annexure to AGM Notice

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN THE THIRTY-SIXTH 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	**Mrs. Meena Lall**
Director Identification Number	05133322
Date of Birth	August 14, 1964
Date of appointment / re-appointment	August 21, 2015
Qualifications	BA, LLB, LLM (Gold Medalist)
Expertise in specific functional areas	Corporate Legal
Directorships held in other Companies	TSIL Energy Limited
Chairpersonships / Memberships of statutory committees across companies	**Risk Management Committee** Tata Sponge Iron Limited (Chairperson)
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL

Name of the Director	**Mr. T.V. Narendran**
Director Identification Number	03083605
Date of Birth	June 02, 1965
Date of appointment / re-appointment	January 12, 2019
Qualifications	REC (NIT), Trichy, MBA (IIM Calcutta)
Expertise in specific functional areas	Marketing & Sales, International Trade, Supply Chain, Planning, Operation & General Management
Directorships held in other Companies	1. Tata Steel Ltd. 2. Tata Steel Europe Ltd. 3. Tata Steel Foundation 4. Straight Mile Steel Ltd. 5. Noamundi Steel Ltd. 6. Jugsalai Steel Ltd. 7. Sakchi Steel Ltd. 8. Tata Steel BSL Ltd
Chairmanships / Memberships of statutory committees across companies	**Audit Committee** Tata Steel Europe Limited (Member) **Stakeholders' Relationship Committee** Tata Steel Limited (Member) **Nomination and Remuneration Committee** Tata Steel BSL Limited (Member) Tata Sponge Iron Limited (Member) **Corporate Social Responsibility Committee** Tata Steel BSL Limited (Chairman) Tata Steel Limited (Member) **Risk Management Committee** Tata Steel Limited (Member)
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL

Name of the Director	Mr. Koushik Chatterjee
Director Identification Number	00004989
Date of Birth	September 03, 1968
Date of appointment / re-appointment	January 12, 2019
Qualifications	B.COM, CA
Expertise in specific functional areas	Corporate Finance
Directorships held in other Companies	1. Tata Metaliks Limited 2. The Tinplate Company of India Ltd 3. Tata Steel Limited 4. Tata Steel Europe Limited 5. Tata Steel Foundation 6. TS Global Holdings Pte. Ltd. 7. TS Global Minerals Holdings Pte. Ltd. 8. TS Global Procurement Co. Pte. Ltd. 9. Bistupur Steel Ltd. 10. Dimna Steel Ltd. 11. Tata Steel BSL Ltd.
Chairmanships / Memberships of statutory committees across companies	**Audit Committee** Tata Sponge Iron Limited (Member) Tata Steel BSL Limited (Member) Tata Steel Europe Limited (Member) **Stakeholders' Relationship Committee** Tata Steel BSL Limited (Chairman) Tata Steel Limited (Member) **Nomination and Remuneration Committee** Tata Metaliks Limited (Member) The Tinplate Company of India Limited (Member) Tata Sponge Iron Limited (Member) **Risk Management Committee** Tata Steel Limited (Member) **Corporate Social Responsibility Committee** Tata Steel Limited (Member)
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL

Name of the Director	Dr. Sougata Ray
Director Identification Number	00134136
Date of Birth	September 10, 1968
Date of appointment / re-appointment	January 12, 2019
Qualifications	Mechanical Engineering – IIST, Shibpur, Phd Management – IIM Ahmedabad
Expertise in specific functional areas	Experience in academic industry as Executive, Researcher, Teacher, Administrator and Corporate Advisor
Directorships held in other Companies	Tinplate Company of India Limited Neomega Intelligent Solutions Private Limited CINI Community Initiatives (Section 8 Company) Xpertifi Skills Tech Private Limited IBP Co Limited

Name of the Director	Dr. Sougata Ray
Chairmanships/ Memberships of statutory committees across companies	**Audit Committee** The Tinplate Company of India Limited (Member) **Stakeholders' Relationship Committee** The Tinplate Company of India Limited (Member) Tata Sponge Iron Limited (Chairman) **Corporate Social Responsibility Committee** The Tinplate Company of India Limited (Member) Tata Sponge Iron Limited (Chairman) **Nomination and Remuneration Committee** The Tinplate Company of India Limited (Member)
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL

Name of the Director	Mr. Ashish Anupam
Director Identification Number	08384201
Date of Birth	October 26, 1968
Date of appointment / re-appointment	March 14, 2019
Qualifications	B.E. in Mechanical from BIT, Mesra, Ranchi; General Management Programme from CEDEP (INSEAD, France).
Expertise in specific functional areas	Rolling Mills, International Trading Division and Marketing & Sales for various products
Directorships held in other Companies	1. TSIL Energy Limited 2. Indian Steel & Wire Products Ltd 3. Tata Steel (Thailand) Public Company Ltd. 4. NatSteel Holdings Pte. Ltd. 5. NatSteel Asia Pte. Ltd. 6. Tata Steel International (Singapore) Holdings Pte. Ltd. 7. Easteel Services (Malaysia) Sdn Bhd. 8. NatSteel Recycling Pte Ltd 9. NatSteel Trade International Pte Ltd 10. NatSteelVina Co., Ltd. 11. NatSteel (Xiamen) Limited 12. The Siam Industrial Wire Co., Ltd. 13. TSN Wires Co., Ltd. 14. Tata Steel International (Singapore) Pte. Ltd. 15. Bhushan Steel (Australia) Pty Ltd.
Chairmanships / Memberships of statutory committees across companies	**Nomination and Remuneration Committee** Indian Steel & Wire Products Ltd
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	NIL

Notes:

1. Directors of the company do not have any inter-se relationship.
2. For other details such as number of meetings of the Board attended during Financial Year 2018-19 and remuneration drawn, please refer to the Corporate Governance Report which is a part of this Annual Report.

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To,

TSR Darashaw Limited/Depository Participant

Updation of Shareholders Information

I/We request you to record the following information against my/our Folio No./DP ID/Client ID:

General Information

Folio No./DP ID/Client ID:	
Name of the first named Shareholder:	
PAN:*	
CIN/Registration No.:*	
(applicable to Corporate Shareholders)	
Tel. No. with STD Code:	
Mobile No.:	
Email id:	

*Self attested copy of the document(s) enclosed.

Bank Details:

IFSC: (11 digit)	
MICR: (9 digit)	
Bank A/c Type:	
Bank A/c No.:*	
Name of the Bank	
Bank Branch Address:	

*A blank cancelled cheque is enclosed to enable verification of bank details.

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed because of incomplete or incorrect information, I/We could not hold the Company/RTA responsible. I/We undertake to inform any subsequent changes in the above particulars as and when the changes take place. I/We understand that the above details shall be maintained till I/We hold the securities under the above mentioned Folio No.

Place:
Date:

_____
Signature of the Sole/ First holder

Note:
Shareholders holding shares in physical mode and having Folio No(s) should provide the above information to our RTA, TSR Darashaw Limited. Shareholders holding Demat shares are required to update their details with the depository Participant.

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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 at AICL (hello@aicl.in)

TATA SPONGE IRON LIMITED

Regd. Office : Post – Joda, Dist. Keonjhar, Odisha 758 034.
Corporate Identification No. (CIN) : L27102OR1982PLC001091
Phone : 06767-284236 278122 Fax : 06767-278159, E-mail : investorcell@tatasponge.com, Website : www.tatasponge.com

ATTENDANCE SLIP

(To be presented at the entrance duly signed)

I hereby record my presence at the THIRTY-SIXTH ANNUAL GENERAL MEETING of the Company at "Lake View Officers' Recreation Centre", TSIL Township, Joda, Dist-Keonjhar, Odisha– 758 034, at 11:00 a.m. on Monday, July 15, 2019.

SIGNATURE OF THE ATTENDING MEMBER / PROXY : _____

ELECTRONIC VOTING PARTICULARS

Electronic Voting Event Number (EVEN)	User ID	Password

Note : Please refer to the instructions printed under the Notes to the Notice of the 36th Annual General Meeting. The voting period starts from 9-00 am on Friday, July 12, 2019 and ends at 5-00 pm on Sunday, July 14, 2019. The voting portal shall be disabled by NSDL for voting thereafter.

TATA SPONGE IRON LIMITED

Regd. Office : Post – Joda, Dist. Keonjhar, Odisha 758 034.
Corporate Identification No. (CIN) : L27102OR1982PLC001091
Phone : 06767-284236 278122 Fax : 06767-278159, E-mail : investorcell@tatasponge.com, Website : www.tatasponge.com

PROXY FORM

Name of the member(s) :

Registered address :

E-mail ID :

Folio No/Client ID : DP ID :

I/We being the member(s) of _____ Shares of Tata Sponge Iron Limited, hereby appoint :

1. Name :
   Address :
   E-mail Id :
   Signature : or failing him/her
2. Name :
   Address :
   E-mail Id :
   Signature : or failing him/her
3. Name :
   Address :
   E-mail Id :

as my/our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty-sixth Annual General Meeting of the Company to be held on Monday, July 15, 2019, at 11:00 am at "Lake View Officers' Recreation Centre", TSIL Township, Joda, Dist-Keonjhar, Odisha– 758 034, and at any adjournment thereof in respect of such resolutions as are indicated below :

Ordinary Business:
1. Adoption of financial statements
2. Declaration of dividend
3. Appointment of Mrs. Meena Lall as a director liable to retire by rotation

Special Business :
4. Appointment of Mr. T.V. Narendran as a Director
5. Appointment of Mr. Koushik Chatterjee as a Director
6. Appointment of Dr. Sougata Ray as an Independent Director
7. Appointment of Mr. Ashish Anupam as a Director
8. Commission to Non-Executive Directors of the Company
9. Ratification of Cost Auditors' remuneration
10. To change the name of the Company and consequent amendments in the Memorandum and Articles of Association of the Company
11. Shifting of Registered Office of the Company from the State of Odisha to the State of West Bengal
12. Revision in the terms of remuneration of Mr. Sanjay Kumar Pattnaik, Managing Director
13. Approval of Material Related Party Transactions with Tata Steel Limited
14. Approval of Material Related Party Transactions with Tata Steel Limited
15. Approval of Material Related Party Transactions with Tata Steel Limited
16. Approval of Material Related Party Transactions with Tata International Singapore PTE Ltd
17. Approval of Material Related Party Transactions with Tata International Limited
18. Approval of Material Related Party Transactions with TS Global Procurement Co. Pte. Ltd

Affix ₹ 1/- Revenue stamp

Signature across the stamp

Signed this …..... day of ……..……, 2019

Signature of the shareholder : _____

Signature of Proxy holder(s) : _____

Notes : 1. This form in order to be effective should be duly completed and deposited at the Registered Office of the Company at Post-Joda, Dist-Keonjhar, Odisha 758034, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of 36th Annual General Meeting.