

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **TATA SPONGE IRON LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of sub-section 11 of Section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in financial statements - Refer Note 29, 30, 31, 33 and 42 to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Abhijit Bandyopadhyay
Partner
(Membership No. 054785)

JAMSHEDPUR, April 20, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the management in accordance with a regular program of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit we have not observed any major weaknesses in the internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost records and audit) Rules, 2014 prescribed by the Central Government under subsection 1 of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

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

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

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

(b) Details of dues of Income tax, Sales tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as at March 31, 2015 on account of any dispute are given below:

Name of Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
		(Rs. Lacs)		
Central Sales Tax Act, 1956	Central Sales Tax	6.74	1987-88,1992-93, 1993-94,1994-95, 1997-98	High Court of Orissa
		66.71	2005-06	High Court of Orissa
Orissa Sales Tax Act	Sales Tax	7.02	1987-88, 1989-90,1990-91,19989-99, 2000-01	Orissa Sales Tax Tribunal
		2.45	1992-93, 2000-01	High Court of Orissa
Orissa Entry Tax Act	Entry Tax	4,641.28	2005-06,2008-09 to 2009-August 2013	High Court of Orissa
		244.30	2006-07, 2007-08,2008-09, 2009-10	High Court of Orissa
Orissa Value Added Tax Act, 2004	Value Added Tax	7.14	2005-06	Commissioner of Commercial Taxes
		129.89	2006-07	Supreme Court
Income tax Act, 1961	Income tax	4,653.54	2012-13	Commissioner of Income tax (Appeals)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (c) the amount required to be transferred to investor education an protection fund in accordance with the relevant provisions of the Companies Act 1956 (1 of 1956) and rules made thereunder has been so transferred to such fund within time.

- (viii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or financial institutions. The Company has not issued any debentures.

- (x) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the Company has not availed any term loans.

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

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

Abhijit Bandyopadhyay
Partner
Membership No. 054785

JAMSHEDPUR, 20 April, 2015

TATA SPONGE IRON LIMITED**BALANCE SHEET**

AS AT MARCH 31, 2015

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

See accompanying notes forming an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner

Jamshedpur, 20 April 2015

For and on behalf of the Board of Directors

A.M.Misra
Chairman

D P Deshpande
Managing Director

S K Mishra
Chief Financial Officer

S.S.Dhanjal
Company Secretary

Jamshedpur, 20 April 2015

TATA SPONGE IRON LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2015

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

See accompanying notes forming an integral part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

A M Misra
Chairman

Abhijit Bandyopadhyay
Partner

D P Deshpande
Managing Director

S K Mishra
Chief Financial Officer

S.S.Dhanjal
Company Secretary

Jamshedpur, 20 April 2015

Jamshedpur, 20 April 2015

TATA SPONGE IRON LIMITED**CASH FLOW STATEMENT**

FOR THE YEAR ENDED MARCH 31, 2015

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

TATA SPONGE IRON LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2015

	Rs. In lacs	
	Year Ended March 31, 2015	Year Ended March 31, 2014
C. Cash Flow from Financing activities:		
Finance cost paid/ reversed	(7.12)	(3.49)
Dividend paid	(1,515.83)	(1,215.99)
Net cash utilised in financing activities	(1,522.95)	(1,219.48)
Net increase or decrease in cash or cash equivalents	1,908.28	(99.99)
Cash and cash equivalents as at 1 April ¹	2,018.22	2,118.21
Cash and cash equivalents as at 31 March ¹	3,926.50	2,018.22

Notes:

- 1 Includes cash and drafts on hand, balance in current and deposit accounts with banks having original maturity of three months or less, out of which restricted balance is **Rs. 178.52 lacs** (As at March 31, 2014 : Rs. 154.35 lacs).
- 2 Excludes purchases made out of re-investment of dividends **Rs. 1,554.80 lacs** (As at March 31, 2014: Rs. 915.16 lacs).
- 3 Figures in brackets represent outflows.

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

A.M.Misra
Chairman

D P Deshpande
Managing Director

Abhijit Bandyopadhyay
Partner

S K Mishra
Chief Financial Officer

S.S.Dhanjal
Company Secretary

Jamshedpur, 20 April 2015

Jamshedpur, 20 April 2015

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

01 CORPORATE INFORMATION

Tata Sponge Iron Limited which has its manufacturing facility at Bileipada Odisha is engaged in production of sponge iron by direct reduction method of iron ore and generation of power from waste heat.

02 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

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

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

(b) Use of estimates

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

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

(c) Inventories

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

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

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

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

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

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

(e) Cash flow statement

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

(f) Depreciation and Amortisation

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

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

Furniture and Fixtures	:	5 Years
Vehicles	:	5 Years

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

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

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

SIGNIFICANT ACCOUNTING POLICIES

(g) Revenue Recognition

(i) Sale of goods

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

(ii) Sale of power

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

(iii) Dividend and Interest income

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

(h) Tangible Assets

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

(i) Capital work-in-progress:

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

(j) Intangible assets

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

(k) Foreign Currency Transactions

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

(l) Government Grants

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

(m) Investments

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

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

(n) Employee Benefits

(i) Short term benefits

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

(ii) Post employment benefits

(a) Defined Contribution plans

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

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

SIGNIFICANT ACCOUNTING POLICIES

(b) Defined Benefit Plans

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

(iii) Other long term employee benefits

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

(o) Borrowing Costs

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

(p) Segment Reporting

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

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

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

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

(q) Leases

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

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

(r) Earnings Per Share

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

(s) Taxes on Income

Current Taxes

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

Deferred Taxes

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

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

SIGNIFICANT ACCOUNTING POLICIES

(t) Impairment

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

(u) Provision, Contingent Liabilities and Contingent Assets

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

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

(c) Reconciliation of Number of shares

	For the year ended March 31, 2015		For the year ended March 31, 2014	
	No. of Equity shares	Amount Rs. in lacs	No. of Equity shares	Amount Rs. in lacs
Issued, subscribed and fully paid				
At the beginning of the year	15,400,000	1,540.00	15,400,000	1,540.00
Issued during the year	-	-	-	-
At the end of the year	15,400,000	1,540.00	15,400,000	1,540.00

(d) Shares held by holding company or its subsidiaries

Shareholder	As at March 31, 2015		As at March 31, 2014	
	No. of Equity shares	%	No. of Equity shares	%
(1) Tata Steel Limited (Holding Company)	8,393,554	54.50%	7,854,000	51.00%
(2) Kalimati Investment Company Limited * (Subsidiary of Holding Company)	-	0.00%	539,554	3.50%
	8,393,554	54.50%	8,393,554	54.50%

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

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

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

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS
(f) Rights, preferences and restrictions attached to shares

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

04 RESERVES AND SURPLUS
Rs. In lacs

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

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

05 DEFERRED TAX LIABILITIES (NET)
Rs. In lacs

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

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

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

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

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

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS
09 TANGIBLE ASSETS

Rs. In lacs

As at March 31, 2015	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery Owned Assets	Plant and machinery leased assets	Furniture and fixtures	Office Equipments	Vehicles owned assets	Vehicles leased assets	Total Tangible Assets
Gross Block as at April 1, 2014	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	-	35,690.24
Additions during the year	-	-	-	47.96	193.15	-	11.06	36.38	22.21	-	310.76
Assets disposed / written off during the year	-	-	-	-	24.36	-	-	-	6.57	-	30.93
Gross Block as at March 31, 2015	229.42	3.02	39.86	4,258.39	30,788.65	-	278.57	80.39	291.77	-	35,970.07
Accumulated Depreciation as at April 1, 2014	-	0.99	13.21	1,120.42	19,093.27	-	244.35	16.22	177.95	-	20,666.41
Charge for the year	-	0.03	0.44	288.50	818.37	-	19.10	21.08	29.64	-	1,177.16
Depreciation on assets adjusted against retained earnings during the year [Refer Note 2]	-	-	-	85.50	25.36	-	0.03	11.25	-	-	122.14
Depreciation on assets disposed / written off during the year	-	-	-	-	23.02	-	-	-	6.19	-	29.21
Accumulated Depreciation as at March 31, 2015	-	1.02	13.65	1,494.42	19,913.98	-	263.48	48.55	201.40	-	21,936.50
Net book value as at April 1, 2014	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	15,023.83
Net book value as at March 31, 2015	229.42	2.00	26.21	2,763.97	10,874.67	-	15.09	31.84	90.37	-	14,033.57

As at March 31, 2014	Freehold Land	Leasehold Land	Land Development	Freehold Buildings	Plant and Machinery Owned Assets	Plant and Machinery Leased Assets #	Furniture and fixtures	Office Equipments	Vehicles owned assets	Vehicles leased assets #	Total Tangible Assets
Gross Block as at April 1, 2014	122.32	3.02	39.86	3,824.24	30,523.91	626.26	267.95	42.72	266.60	11.74	35,728.62
Additions during the year	107.10	-	-	386.19	112.21	-	3.34	4.83	31.70	-	645.37
Assets disposed / written off during the year	-	-	-	-	16.26	626.26	3.78	3.54	22.17	11.74	683.75
Gross Block as at March 31, 2014	229.42	3.02	39.86	4,210.43	30,619.86	-	267.51	44.01	276.13	-	35,690.24
Accumulated Depreciation as at April 1, 2014	-	0.96	12.77	1,029.26	17,469.55	626.26	239.28	15.27	172.14	11.74	19,577.23
Charge for the year	-	0.03	0.44	91.16	1,637.71	-	8.65	3.83	26.88	-	1,768.70
Depreciation on assets disposed / written off during the year	-	-	-	-	13.99	626.26	3.58	2.88	21.07	11.74	679.52
Accumulated Depreciation as at March 31, 2014	-	0.99	13.21	1,120.42	19,093.27	-	244.35	16.22	177.95	-	20,666.41
Net book value as at April 1, 2014	122.32	2.06	27.09	2,794.98	13,054.36	-	28.67	27.45	94.46	-	16,151.39
Net book value as at March 31, 2014	229.42	2.03	26.65	3,090.01	11,526.59	-	23.16	27.79	98.18	-	15,023.83

Notes

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

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

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

Represent assets given to Tata Steel Limited on operating lease.

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

10 INTANGIBLE ASSETS (ACQUIRED)

Rs. In lacs

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

	As at March 31, 2014	Mining Geological report	Software Costs	Railway Sidings	Total Intangible Assets
Gross Block as at April 1, 2013		468.90	185.59	363.86	654.49
Additions during the year		-	-	-	-
Assets disposed / written off during the year		-	-	-	-
Gross Block as at March 31, 2014		468.90	185.59	363.86	654.49
Accumulated Amortisation as at April 1, 2013		468.90	172.89	363.86	641.79
Charge for the year		-	6.63	-	6.63
Amortisation of assets disposed / written off during the year		-	-	-	-
Accumulated amortisation as at March 31, 2014		468.90	179.52	363.86	648.42
Net book value as at April 1, 2014		-	12.70	-	12.70
Net book value as at March 31, 2014		-	6.07	-	6.07

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

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

	Rs. In lacs			
	As at March 31, 2015		As at March 31, 2014	
12 LOANS AND ADVANCES	Long-term	Short-term	Long-term	Short-term
(Unsecured, considered good unless otherwise stated)				
(a) Capital advances	16,925.07	-	16,789.97	-
(b) Security deposits				
(1) Considered good	8.51	220.16	6.32	215.06
(2) Considered doubtful	-	22.57	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
(c) Loans and advances to related parties [Refer Note 34(b)]	-	71.86	-	13.08
(d) Other loans and advances				
(1) Loans to employees	15.53	6.97	12.42	6.01
(2) Advances with public bodies	-	1,050.49	-	832.75
(3) Other advances and prepayments	9.60	883.63	8.39	594.57
(4) Advance payment of taxes [net of provision of Rs. 17,589.03 lacs (As at March 31, 2014 Rs. 7,419.03 lacs)]	2,598.05	-	829.16	-
(5) Employee benefits assets				
(i) Retiring gratuities [Refer note 38(c)]	-	-	40.07	-
(ii) Compensated absences	11.08	-	122.42	-
Total Loans and advances	19,567.84	2,233.11	17,808.75	1,661.47

	Rs. In lacs	
13 OTHER NON-CURRENT ASSETS	As at March 31, 2015	As at March 31, 2014
Deposit with banks and others with maturity period more than 12 months (Above deposits are pledged with government authorities)	2.05	2.45
Total Other non-current assets	2.05	2.45

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

	Rs. In lacs	
	As at	As at
	March 31, 2015	March 31, 2014
14 CURRENT INVESTMENT		
(Lower of cost and fair value)		
Investment in Mutual Funds (Unquoted)		
Liquid Mutual Funds	20,613.98	20,269.95
Total Current investments	20,613.98	20,269.95
Additional Details:		
Aggregate value of Unquoted Investments	20,613.98	20,269.95
15 INVENTORIES		
(At lower of cost or net realisable value)		
(a) Raw materials	7,955.32	3,687.76
(b) Finished goods	1,843.23	1,275.25
(c) Stores and spares	1,046.33	1,222.41
Total Inventories	10,844.88	6,185.42
16 TRADE RECEIVABLES		
(Unsecured, considered good)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	6.18	1.21
Others	881.93	2,606.24
Total Trade Receivables	888.11	2,607.45
17 CASH AND BANK BALANCES		
(A) Cash and cash equivalent		
(a) Cash on hand	1.44	0.90
(b) Balances with banks		
(1) In current accounts ¹	208.58	202.32
(2) In deposit accounts ²	3,716.48	1,815.00
Total Cash and cash equivalent	3,926.50	2,018.22
(B) Other bank balances		
Fixed deposit with bank ³	21,224.63	24,911.76
Total Cash and bank balances	25,151.13	26,929.98
1 Includes earmarked balances in unpaid dividend accounts	178.52	154.35
2 Represents deposits having original maturity of three months or less		
3 Represents deposits having original maturity above three months but maturing within twelve months from the Balance Sheet date		
18 OTHER CURRENT ASSETS		
(Unsecured, considered good)		
Interest accrued on deposits, loans and advances	1,038.75	625.62
Total Other current assets	1,038.75	625.62

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

19 REVENUE FROM OPERATIONS	Rs. In lacs	
	Year Ended	Year Ended
	March 31, 2015	March 31, 2014
(a) Sale of sponge iron	79,654.88	79,206.74
(b) Sale of power	4,749.53	4,499.41
(c) Other operating income	2,350.14	1,950.02
Gross Revenue from Operations	86,754.55	85,656.17
Other operating income comprises		
(a) Sale of iron ore fines, coal fines and char etc.	2,350.14	1,950.02
Total Other operating income	2,350.14	1,950.02

20 OTHER INCOME	Rs. In lacs	
	Year Ended	Year Ended
	March 31, 2015	March 31, 2014
(a) Interest Income		
Interest received on term deposits, customers' balances etc.	2,216.13	2,329.55
(b) Dividend Income		
(1) From non-current investments	72.00	76.00
(2) From current investments	1,554.80	915.16
(c) Net gain on sale of current investments	2.32	3.45
(d) Profit on sale of assets	0.41	-
(e) Liabilities no longer required written back	1,608.85	39.19
(f) Other non operating Income	93.94	178.62
Total Other Income	5,548.45	3,541.97

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

	Rs. In lacs	
21 COST OF MATERIALS CONSUMED	Year Ended March 31, 2015	Year Ended March 31, 2014
Opening Stock	3,687.76	3,569.21
Add: Purchases	62,159.80	54,824.49
	65,847.56	58,393.70
Less: Closing Stock	7,955.32	3,687.76
Total Cost of materials consumed	57,892.24	54,705.94
Cost of materials consumed comprises		
(a) Iron Ore	28,894.79	28,058.05
(b) Iron Pellet	6,705.18	-
(c) Coal	21,928.91	26,331.16
(d) Dolomite	363.36	316.73
Total Cost of materials consumed	57,892.24	54,705.94

	Rs. In lacs	
22 CHANGES IN INVENTORIES OF FINISHED GOODS	Year Ended March 31, 2015	Year Ended March 31, 2014
Stock at the beginning of the year		
Finished goods	1,275.25	1,106.16
	1,275.25	1,106.16
Stock at the end of the year		
Finished goods	1,843.23	1,275.25
	1,843.23	1,275.25
Net (increase) / decrease in finished goods	(567.98)	(169.09)

	Rs. In lacs	
23 EMPLOYEE BENEFITS EXPENSE	Year Ended March 31, 2015	Year Ended March 31, 2014
(a) Salaries and wages, including bonus	2,803.73	2,260.58
(b) Contribution to provident and other funds [Refer note 38(a)]	249.18	220.44
(c) Gratuity [Refer note 38(c)]	214.63	(3.05)
(d) Staff welfare expenses	247.53	205.59
Total Employee benefits expense	3,515.07	2,683.56

	Rs. In lacs	
24 FINANCE COSTS	Year Ended March 31, 2015	Year Ended March 31, 2014
(a) Interest expense		
Interest on others	530.50	1,322.29
Total Finance costs	530.50	1,322.29

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

	Rs. In lacs	
	Year Ended March 31, 2015	Year Ended March 31, 2014
25 DEPRECIATION AND AMORTISATION EXPENSE		
(a) Depreciation on tangible assets [Refer Note 09]	1,299.30	1,768.70
(b) Amortisation of intangible assets [Refer Note 10]	116.96	6.63
	1,416.26	1,775.33
Less: Adjusted against opening retained earnings	122.14	-
Total Depreciation and amortisation expenses	1,294.12	1,775.33

	Rs. In lacs	
	Year Ended March 31, 2015	Year Ended March 31, 2014
26 OTHER EXPENSES		
(a) Consumption of stores and spare parts	312.96	248.60
(b) Fuel oil consumed	79.28	72.97
(c) Purchase of power	20.57	11.15
(d) Rent	77.90	73.04
(e) Repairs to buildings	309.34	301.15
(f) Repairs to machinery	1,913.13	1,705.69
(g) Insurance	37.55	39.48
(h) Rates and taxes	335.03	326.55
(i) Freight and handling charges	560.62	507.93
(j) Commission, discounts and rebates	42.29	49.44
(k) Provision for wealth tax	2.56	2.15
(l) Packing and forwarding	586.77	586.29
(m) Excise duty on Change in Finished Goods [Refer note 27]	32.29	46.50
(n) Other expenses		
(1) Net loss / (gain) on foreign currency transactions	116.53	(150.45)
(2) VAT, Entry Tax and Excise Duty demand	16.89	497.58
(3) Auditors remuneration and out-of-pocket expenses		
(i) As Auditors - statutory audit	18.50	18.50
(ii) For Other Services	2.50	1.25
(iii) Auditors out-of-pocket expenses	0.21	0.25
(4) Cost audit fees	1.50	1.00
(5) Legal and other professional costs	217.33	333.69
(6) Advertisement, promotion and selling expenses	29.35	33.72
(7) Travelling expenses	119.59	83.13
(8) Loss on sale of assets	-	0.96
(9) Corporate Social Responsibility Expenses	259.03	-
(10) Other general expenses	3,119.05	1,676.08
Total Other expenses	8,210.77	6,466.65

	Rs. In lacs	
	Year Ended March 31, 2015	Year Ended March 31, 2014
27 EXCISE DUTY ON CHANGES IN FINISHED GOODS		
Excise duty on opening stock of finished goods	181.56	135.06
Excise duty on closing stock of finished goods	213.85	181.56
Total Excise duty on change in finished goods	32.29	46.50

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

28 EARNINGS PER SHARE

	Year Ended March 31, 2015	Year Ended March 31, 2014
Net Profit for the period (Rs. In lacs)	9,188.84	10,117.57
Weighted average number of equity shares (Nos)	15,400,000	15,400,000
Nominal Value per Equity Share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	59.67	65.69

Rs. In lacs

29 CONTINGENT LIABILITIES

	As at March 31, 2015	As at March 31, 2014
Claims against the company not acknowledged as debt;		
(a) Income tax	346.15	507.05
(b) Sales Tax/Odisha Value Added Tax	-	1,001.96
(c) Central excise duty	-	684.40
(d) Odisha Entry tax	2,579.93	2,579.93
(e) Demand from SECL	152.13	152.13
(f) Demand from Ministry of Coal against Radhikapur coal block	3,250.00	3,250.00
(g) Others	549.26	-

- 30** (a) In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Company for invocation of bank guarantee ("BG") of Rs. 3,250 lacs submitted towards performance of conditions for allocation of coal block. The Hon'ble High Court of Delhi vide its order dated October 30, 2014 has granted a stay on invocation of bank guarantee. The High Court also directed the Company to keep the bank guarantee valid till 28th May 2015 by which the Union of India has been directed to take a decision. Pending finalisation of the matter, the BG amount continues to be disclosed as a contingent liability.
- (b) During pendency of the aforesaid matters in Delhi High Court, the Hon'ble Supreme Court of India vide its order dated September 24, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on February 07, 2006. The carrying value of investments made in Radhikapur East Coal Block as on March 31st, 2015 is ` 18,074.18 lacs.
- (c) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said Rules, the successful bidder will be called upon to pay to the prior allocattee the expenses incurred by the prior allocattee towards land and mine infrastructure. Pursuant to MoC's directive seeking the details of expenses vide letter dated December 26, 2014, the Company has furnished the required statement of expenses on January 5, 2015. Based on the Rules and necessary legal opinion obtained by the company, no provision is considered necessary.

31 Cross Subsidy Surcharge payable to power distribution companies

In 2012-13, the Company injected power to State Grid beyond the period of invocation of section 11 i.e. June, 2012 by the Government of Odisha. Subsequently the Company continued injecting power to State Grid due to refusal of open access for supply of power to the parent Company, Tata Steel Limited. Consequently, the Company could not qualify to be CGP in the said year and it has filed a case before Appellate Tribunal against the order of OERC to consider the period of injection to State Grid as self consumption and the matter is pending for adjudication. As a matter of prudence, the amount of Rs. 601 lacs has been recognized in the books during the year.

- 32** Estimated amounts of contracts remaining to be executed on capital account and not provided for : **Rs. 844.29 lacs** (As at March 31, 2014: Rs. 894.85 lacs) [Net of advances **Rs. 109.09 lacs** (As at March 31, 2014: Rs.7.26 lacs)].

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

33 SALES TAX

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

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

- (b) As per Industrial Policy Resolution 1992 of Government of Orissa, the Company has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Company was paying the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Company contends that the above limit of Rs. 252.56 lacs has to correspondingly reduce and accordingly made reduced payment. The Company however has provided for the differential amount upto the date of availing the benefit and total provision till March 31, 2012 amounts to Rs. 513.83 lacs. Pending assessments for the years 2008-09 to 2011-12, The Company has started collecting sales tax on sale of sponge iron produced in those kilns w.e.f. April 01, 2012 and depositing the same with Sales Tax authorities after availing set off of applicable input tax credit.

34 RELATED PARTY TRANSACTION

(a) List of Related Parties and relationship

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

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

(b) Related party transactions

Name of the related party	Nature of transactions	Year Ended March 31, 2015	Year Ended March 31, 2014
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
Tata Steel Limited	Purchase of goods	10,276.65	24,963.67
	Purchase of Fixed Assets	12.71	-
	Sale of Power	4,671.12	4,183.96
	Services received	31.17	31.54
	Dividend Paid	839.36	628.32
	Services rendered	10.17	0.68
Tata Steel Global Procurement Co. Pte. Ltd.	Purchase of goods	1,057.36	-
Tata Metaliks Limited	Services received	-	2.72
	Sales of Goods	598.78	386.42
	Purchase of Fixed Assets	-	23.40
Kalimati Investments Company Limited	Dividend Paid	-	43.16
TM International Logistics Limited	Services received	3,886.96	2,326.09
The Tinsplate Company of India Limited	Services received	0.13	0.51

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

RELATED PARTY TRANSACTION

Related party transactions

Name of the related party	Nature of transactions	Year Ended March 31, 2015	Amount (Rs. In lacs)
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
Jamshedpur Utilities & Service Company Limited	Services received	-	1.24
Tayo Rolls Limited	Sale of goods	87.40	20.55
TSIL Energy Limited	Investment in Equity Shares	-	100.00
Mr. D.P. Deshpande	Remuneration	133.54	121.70
Mr.Sanjay Kumar Pattnaik	Remuneration	79.45	NA
Mr. S K Mishra	Remuneration	36.04	NA
Mr. S S Dhanjal	Remuneration	25.62	NA
Name of the related party	Nature of Balances	As at March 31, 2015	As at March 31, 2014
		Amount (Rs. In lacs)	Amount (Rs. In lacs)
Tata Steel Limited	Amounts payable	1,522.23	2,451.54
	Amounts receivable	367.49	512.87
Tayo Rolls Limited	Amounts receivable	8.40	-
The Tinplate Company of India Limited	Amounts payable	-	12.59
TM International Logistics Limited	Amounts receivable	71.86	13.08

Rs. In lacs

35 CIF VALUE OF IMPORTS

	Year Ended March 31, 2015	Year Ended March 31, 2014
(a) Raw Materials	22,322.97	12,685.88
(b) Components, Stores and Spares	8.75	17.91

36 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

Travelling Expenses	7.62	4.91
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37 CONSUMPTION OF IMPORTED AND INDEGENOUS MATERIALS

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

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

38 EMPLOYEE BENEFITS

(a) Defined Contribution Plans

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

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

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

The Company operates post retirement defined benefit plans as follows:

Post retirement defined benefit plans

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

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

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

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

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS
Details of the Funded Gratuity and Unfunded Post Retirement Pension
7 Experience adjustments

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

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

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

39 SEGMENT REPORTING

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

TATA SPONGE IRON LIMITED
NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS
(c) Segment Disclosures

	Amount (Rs. In lacs)	
	2014-15	2013-14
Segment Revenue		
Sponge Iron	74,223.68	73,722.82
Power	6,198.32	5,778.49
Less: Inter segment sales	(1,448.79)	(1,279.08)
	78,973.21	78,222.23
Segment Results		
Sponge Iron	6,535.19	10,526.62
Power	4,220.03	3,039.97
Unallocated income/(expenditure)	3,422.22	2,735.22
Segment results before finance costs and tax	14,177.44	16,301.81
Less: Finance cost	530.50	1,322.29
Profit before tax	13,646.94	14,979.52
Less: Tax expenses	4,458.10	4,861.95
Profit after tax	9,188.84	10,117.57
Segment Assets		
Sponge Iron	26,144.14	21,200.62
Power	4,522.34	4,943.03
Unallocated	66,623.35	66,788.30
	97,289.83	92,931.95
Segment Liabilities		
Sponge Iron	9,247.80	12,221.13
Power	14.18	1,865.45
Unallocated	6,657.14	6,582.88
	15,919.12	20,669.46
Capital Expenditure (including capital work in progress and capital advances)		
Sponge Iron	1,662.20	155.98
Power	-	-
Unallocated	-	677.48
	1,662.20	833.46
Depreciation and Amortisation		
Sponge Iron	984.60	1,092.52
Power	253.29	667.59
Unallocated	56.23	15.22
	1,294.12	1,775.33
Non cash expenditure other than depreciation		
Sponge Iron	62.67	63.86
Power	5.44	4.68
Unallocated	-	-
	68.11	68.54

40 Based on and to the extent of information obtained from suppliers regarding their status as Micro, Small or Medium enterprises under Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to them as at the end of the year.

41 OPERATING LEASES

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

42 Disclosure as required under AS 29

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

- (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

TATA SPONGE IRON LIMITED

NOTES TO BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS

Rs. In lacs

Particulars	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Carrying amount as at beginning of the year	2,507.50	696.79	-	-	1,039.99	741.26
Provision made during the year	226.81	1,810.71	601.00	-	296.51	298.73
Amount paid during the year	-	-	-	-	-	-
Unused amount reversed during the year	224.92	-	-	-	73.20	-
Carrying amount as at the end of the year	2,509.39	2,507.50	601.00	-	1,263.30	1,039.99
Nature of obligation	VAT, Entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities		The above matters are under dispute with authorities		The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is higher authorities for adjudication. On the grounds of prudence, provision is made.		The matter is higher authorities for adjudication . On the grounds of prudence, provision is made.		The matter is higher authorities for adjudication . On the grounds of prudence, provision is made.	
Amount of any expected reimbursement, i.e., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil	Nil	Nil	Nil	Nil

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

For and on behalf of the Board of Directors

A.M.Misra
Chairman

D P Deshpande
Managing Director

S K Mishra
Chief Financial Officer

S.S.Dhanjal
Company Secretary

Jamshedpur, 20 April 2015