

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT /

To the Members of Tata Sponge Iron Limited /

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

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

Management's Responsibility for the Standalone Ind AS Financial Statements ,

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit

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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership Firm) on July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E).



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procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on April 1, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



Price Waterhouse & Co Chartered Accountants LLP

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- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 30 to the standalone Ind AS financial statements;
 - ii. The Company did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2018.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018 except for amounts aggregating to Rs 4.28 lakhs, which according to the information and explanations provided by the management is held in abeyance due to pending legal cases. (Refer Note 42 to the standalone Ind AS financial statements).
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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



Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

Annexure A to Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and

Annexure A to Independent Auditors' Report

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

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expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

Annexure B to Independent Auditors' Report

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

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The title deeds of immovable properties, as disclosed in Note 3 on property, plant and equipment to the standalone Ind AS financial statements, are held in the name of the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book 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, 2018, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from July 1, 2017 and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax and duty of excise as at March 31, 2018, which have not been deposited on account of any dispute. The particulars of dues of Income Tax, Sales tax, Duty of customs, value added tax as at March 31, 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	282.10	2014-15 2015-16	Commissioner of Income Tax (Appeals)
Central Sales Tax Act, 1957	Central Sales Tax	66.71	2005-06	High Court of Orissa
		6.02	1987-88	

Annexure B to Independent Auditors' Report

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

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			1992-93	Deputy Commissioner of Commercial Taxes
			1993-94	
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
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. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Standalone Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

Annexure B to Independent Auditors' Report

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

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

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

TATA SPONGE IRON LIMITED
Standalone Balance Sheet as at 31 March, 2018

		Rs. in lacs	
	Notes	As at 31 March, 2018	As at 31 March, 2017
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	03	14,666.50	15,079.72
(b) Capital work-in-progress	03	582.19	563.48
(c) Intangible assets	04	233.03	390.95
(d) Financial assets			
(i) Investments	05	7,277.69	186.01
(ii) Loans	06	15.29	19.71
(iii) Other financial assets	07	6,412.84	1,020.11
(e) Non current tax assets (net)	19 A	2,812.63	2,812.63
(f) Other non-current assets	08	17,478.59	17,471.43
Total non-current assets		49,478.76	37,544.04
(2) Current assets			
(a) Inventories	09	8,408.87	4,907.66
(b) Financial assets			
(i) Investments	05	12,685.45	26,142.10
(ii) Trade receivables	10	5,880.50	3,576.67
(iii) Cash and cash equivalents	11 (i)	11,249.38	30,466.39
(iv) Other bank balances	11 (ii)	30,911.33	207.57
(v) Loans	06	252.20	279.91
(vi) Other financial assets	07	929.29	721.17
(c) Other current assets	08	1,628.34	734.49
Total current assets		71,945.36	67,035.96
Total assets		121,424.12	104,580.00
Equity and liabilities			
(1) Equity			
(a) Equity share capital	12	1,540.00	1,540.00
(b) Other equity	13	97,102.60	84,944.50
Total equity		98,642.60	86,484.50
(2) Liabilities			
Non-current liabilities			
(a) Provisions	14	1,168.89	1,281.39
(b) Deferred tax liabilities (net)	15	1,798.21	1,905.71
Total non-current liabilities		2,967.10	3,187.10
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16	6,690.16	5,252.46
(ii) Other financial liabilities	18	422.78	335.01
(b) Provisions	14	5,145.03	4,779.72
(c) Current tax liabilities (net)	19	5,390.33	3,234.86
(d) Other current liabilities	17	2,166.12	1,306.35
Total current liabilities		19,814.42	14,908.40
Total liabilities		22,781.52	18,095.50
Total equity and liabilities		121,424.12	104,580.00

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

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

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

For and on behalf of the Board of Directors



Pinaki Chowdhury
Partner
Membership No. 057572

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kature
Company Secretary

Place: Kolkata
Date: 17 April, 2018

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TATA SPONGE IRON LIMITED
Standalone Statement of Profit and Loss for the year ended 31 March, 2018

Rs. in lacs

	Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
I Revenue from operations	20	81,864.54	81,518.07
II Other income	21	4,301.21	3,702.03
III Total income (I + II)		85,965.75	85,218.10
IV Expenses:			
Cost of materials consumed	22	50,058.31	36,988.26
Changes in inventories of finished goods and stock in trade	23	(473.47)	324.91
Excise duty on sale of goods		1,647.81	5,786.30
Employee benefits expense	24	4,180.44	4,630.97
Finance costs	25	324.87	244.40
Depreciation and amortisation expense	26	1,230.28	1,276.31
Other expenses	27	7,979.38	7,640.87
Total expenses (IV)		64,947.42	56,870.82
V Profit before tax (III - IV)		21,018.33	8,347.28
VI Tax expense:			
(1) Current tax	27.1A	7,099.00	2,669.00
(2) Deferred tax	15	(166.38)	(195.78)
Total tax expense VI		6,932.62	2,473.24
VII Profit for the year (V - VI)		14,085.71	5,874.04
VIII Other comprehensive income			
Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plans		170.13	(208.21)
(b) Income tax relating to items that will not be reclassified to profit or loss		(68.88)	72.06
IX Total other comprehensive income		111.25	(136.15)
X Total comprehensive income for the year (VII+VIII)		14,196.96	5,737.89
(Comprising profit and other comprehensive income for the year)			
XI Earnings per equity share (face value of Rs. 10 each) :			
(1) Basic (in Rs.)	29	91.47	38.14
(2) Diluted (in Rs.)		91.47	38.14

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

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

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

For and on behalf of the Board of Directors

Pinaki Chowdhury
 Partner
 Membership No. 057572

A M Misra
 Chairman

Sanjay Kumar Pattnaik
 Managing Director

S K Mishra
 Chief Financial Officer

Sanjay Kasture
 Company Secretary



Place: Kolkata
 Date: 17 April, 2018

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TATA SPONGE IRON LIMITED
Standalone Statement of changes in equity for the year ended 31 March, 2018

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

B) Other equity

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

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

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

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

For and on behalf of the Board of Directors

Pinaki Chowdhury
 Partner
 Membership No. 057572

A M Misra
 Chairman

Sanjay Kumar Pattnaik
 Managing Director

S K Mishra
 Chief Financial Officer

Sanjay Kature
 Company Secretary

Place: Kolkata
 Date: 17 April, 2018

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TATA SPONGE IRON LIMITED
Standalone Cash flow statement for the year ended 31 March, 2018

	Rs. in lacs	
	Year ended 31 March, 2018	Year ended 31 March, 2017
A. Cash flows from operating activities		
Profit before tax	21,018.33	8,347.28
Adjustments for:		
Depreciation and amortisation expense	1,230.28	1,276.31
Amortisation of lease hold land	0.47	0.47
Dividend from current investments	(1,121.54)	(1,290.51)
Changes in fair value of financial assets at fair value through profit & loss	(4.41)	-
Changes in fair value of non-current financial assets at fair value through profit & loss	(91.88)	-
Dividend received from equity investments	(74.48)	(70.00)
Gain on sale of current investments	-	(3.81)
Loss on disposal of property, plant and equipment	3.49	8.96
Interest income	(2,762.55)	(2,168.16)
Finance cost	324.67	244.40
Liabilities no longer required written back	(0.29)	(27.39)
Operating profit before working capital changes	18,522.29	6,315.55
Changes in operating assets and liabilities:		
(Increase) in Inventories	(3,501.21)	(1,671.44)
(Increase) in Trade receivables	(2,303.83)	(633.62)
(Increase) in Other current assets	(693.85)	(344.51)
(Increase)/ Decrease in Loans	27.71	(279.91)
Decrease in Other financial assets	155.90	250.50
(Increase) in Other non-current assets	(5,395.94)	(927.32)
Increase in Trade payables	1,437.70	1,183.14
Increase / (Decrease) in Other financial liabilities	46.78	(464.59)
Increase in Other-current liabilities	860.06	627.75
Increase / (Decrease) in Provisions - current	210.77	(639.86)
Increase / (Decrease) in Provisions - non current	(112.50)	594.80
Cash generated from operations	9,053.88	4,010.49
Income taxes paid	(4,943.53)	(1,843.42)
Net cash generated from operating activities	4,110.35	2,167.07
B. Cash flows from investing activities		
Payments for purchases of property, plant and equipment (including capital advances)	(680.98)	(398.07)
Proceeds from disposal of property, plant and equipment	1.21	6.50
Payments to acquire current investments	(42,756.54)	(65,862.53)
Payments to acquire Non-current investments	(7,000.00)	-
Proceeds from disposal of current investments	58,217.60	68,074.30
Movement in fixed deposits	(30,684.00)	-
Interest received	2,398.53	1,948.22
Dividend received from equity investments	74.48	70.00
Dividend received from current investments	1,121.54	1,290.51
Net cash generated / (used) in investing activities	(21,308.16)	5,138.93
C. Cash flows from financing activities:		
Dividend paid	(1,674.34)	(1,531.61)
Tax on dividend paid	(344.86)	(313.51)
Net cash used in financing activities	(2,019.20)	(1,845.12)
Net increase / (decrease) in cash or cash equivalents	(19,217.01)	5,460.88
Cash and cash equivalents at the beginning of the year (Refer note 11)	30,466.39	25,005.51
Cash and cash equivalents at the end of the year (Refer note 11)	11,249.38	30,466.39

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

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

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number - 304028E/E-300009
Chartered Accountants

For and on behalf of the Board of Directors

Pinaki Chowdhury
Partner
Membership No. 057572

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary



Place: Kolkata
Date: 17 April, 2018

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NOTES TO THE FINANCIAL STATEMENTS

Company Background

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

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

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

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

Significant accounting policies

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

1. Basis of preparation

A. Compliance with Ind AS

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

B. Historical Cost Convention

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

- i) certain financial assets and liabilities that is measured at fair value;
- ii) defined benefit plans — plan assets measured at fair value.

C. Current versus Non-current Classification

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

An asset is classified as current when it is:

- i) expected to be realised or intended to be sold or consumed in the normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) expected to be realised within twelve months after the reporting period, or
- iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- i) it is expected to be settled in the normal operating cycle,
- ii) it is incurred primarily for the purpose of trading,
- iii) it is due to be settled within twelve months after the reporting period, or
- iv) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

2. Property, plant and equipment

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

Depreciation Method, Estimated Useful Lives and Residual Values

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Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act except in respect of the following categories of the assets, in whose case the life of the assets has been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc.

Category of assets	Useful life
Furniture and fixtures	5 years
Vehicles	5 years

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

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss within 'Other Income'/'Other Expenses'. Advances paid towards the 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'.

3. Intangible assets

Railway sidings constructed

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

Amortisation Method and Period

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

Software costs 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.

4. Research and Development

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

5. Impairment of non-financial assets

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

6. Leases

As A Lessee

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

7. Investment in subsidiaries



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

8. Financial instruments

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

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

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

(i) Classification

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

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

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

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

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value 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 expensed in profit or loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The 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

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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 derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Dividend Recognition

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

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

(vii) Offsetting Financial Instruments

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

10. Trade Receivables

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

11. Employee Benefits

A. Short-term Employee Benefits

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

B. Post-employment Benefits

i) Defined Benefit Plans

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

ii) Defined Contribution Plans

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

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C. Other Long-term Employee Benefits

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

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

12. Income Tax

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

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

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

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

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

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

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

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

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

13. Inventories

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

14. Provisions and Contingencies

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

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

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

15. Revenue recognition

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

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

A. Sale of goods

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

B. Sale of Power

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

C. Other Operating Revenue

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

D. Income from Investments

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

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

16. Foreign currency transactions and translation

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

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

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

17. Borrowings costs

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

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

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

18. Earnings per Share

Basic Earnings per Share

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

Diluted Earnings per Share

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

19. Cash and cash equivalents

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

20. Trade Payables

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

21. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Company. Refer Note 35 for segment information presented.

22. Rounding of amounts

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

23. Use of estimates and critical accounting judgments

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

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

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

The areas involving critical estimates or judgements are:

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

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

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

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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 obsolescence that may change the utility of property, plant & equipment.

C. Contingencies - Refer Note 14

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

D. Deferred Taxes Refer Note - Refer Note 12

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

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

03 Property, plant and equipment and capital work-in-progress

Carrying amounts of:

Freehold land
Freehold buildings
Plant and equipment
Furniture and fixtures
Office equipment
Vehicles
Sub-total

Capital work-in-progress
Total

Rs. in lacs	
As at 31 March, 2018	As at 31 March, 2017
564.08	229.42
2,510.14	2,523.49
11,343.05	12,131.58
12.85	11.49
142.63	111.49
93.75	72.26
14,666.50	15,079.72
582.19	563.48
582.19	563.48

	Rs. in lacs						
	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost/deemed cost							
Balance as at 1 April, 2016	229.42	2,766.13	12,940.98	18.36	87.37	90.20	16,132.46
Additions during the year	-	251.14	41.49	0.03	65.77	30.26	388.69
Assets disposed / written off during the year	-	-	2.49	0.07	0.18	20.15	22.89
Balance as at 31 March, 2017	229.42	3,017.27	12,979.98	18.32	152.96	100.31	16,499.26
Additions during the year	334.66	157.57	19.41	12.87	82.82	46.82	654.15
Assets disposed / written off during the year	-	-	51.18	0.38	10.54	9.99	72.09
Balance as at 31 March, 2018	564.08	3,174.84	12,948.21	30.81	225.24	137.14	17,080.32

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

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

Note :

- All the above property, plant and equipment are owned by the Company.
- Refer note 37 for information on property, plant and equipment hypothecated as collateral security by the Company.

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

04 Other intangible assets

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

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

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

	Rs. in lacs		
	Software costs acquired	Railway sidings Constructed	Total intangible assets
Carrying amount			
Balance as at 31 March, 2017	-	390.95	390.95
Balance as at 31 March, 2018	9.56	223.47	233.03

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

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

05 Investments

Unquoted :	As at 31 March, 2018		As at 31 March, 2017	
	Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
Non-current Investments				
Unquoted Investment				
Investment in Equity Instruments				
Investment in Subsidiary Company \$				
TSIL Energy Limited	1,060,060	106.01	1,060,060	106.01
Investment in Body Corporate @				
Jampol Limited	800,000	80.00	800,000	80.00
Investments in Mutual fund #				
1 IDFC Corporate bond Direct plan - Growth	16,950,014	2,028.97	-	-
2 Reliance Floating Rate Fund - Short Term Plan (Direct Growth Plan)	7,220,347	2,029.42	-	-
3 Reliance Short Term Fund - (Direct Growth Plan)	9,004,866	3,033.29	-	-
		7,091.68		-
Total Non-current Investments		7,277.69		186.01
Current Investments				
Investment in Liquid Mutual Funds #				
1 TATA Money Market Fund - Plan A - Daily Dividend Reinvestment	383,789.97	3,843.72	323,600.14	3,240.91
2 HDFC Liquid Fund - Regular Plan - Daily Dividend Reinvestment	652.29	6.65	297,600.51	3,034.99
3 IDFC Cash Fund - Regular Plan - Daily Dividend Reinvestment	57,463.19	575.58	363,308.59	3,637.02
4 Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment	271,809.91	4,167.61	298,066.21	4,556.65
5 SBI Premier Liquid Fund - Regular Plan - Daily Dividend Reinvestment	-	-	49,943.31	501.06
6 Axis Liquid - Regular plan - Daily Dividend Reinvestment	116,735.37	1,168.47	376,475.16	3,767.16
7 ICICI Prudential Liquid - Regular plan - Daily Dividend Reinvestment	768,035.04	769.17	2,482,909.11	2,465.37
8 BSL Cash Plus - Daily Dividend Reinvestment	1,222,204.88	1,225.54	3,189,383.37	3,195.61
9 Sundaram Money Fund Regular - Daily Dividend Reinvestment	5,696,836.56	575.11	-	-
10 DSP Blackrock Liquidity Fund-Inst-Daily Dividend Reinvestment	36,325.40	363.80	172,194.08	1,723.33
Total current Investments		12,685.45		26,142.10
Aggregate amount of Unquoted Investments		19,963.14		26,328.11
\$ Investments carried at Cost		106.01		106.01
# Investments carried at Fair value through Profit and Loss		19,777.13		26,142.10
@ Investments carried at Fair value through Other Comprehensive Income [also refer Note 28(c)]		80.00		80.00

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

06 Loans	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	Current	Non-current	Current
Loan to Employees	10.83	8.22	15.25	8.85
Security Deposits-				
Considered good	4.46	243.98	4.46	271.06
Considered doubtful	-	22.67	-	22.57
Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
	15.29	252.20	19.71	279.91

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



TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

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

09 Inventories (lower of cost and net realisable value)	As at	
	31 March, 2018	31 March, 2017
	Rs. in lacs	
(a) Raw materials	6,858.03	3,854.26
(b) Finished goods	691.58	218.11
(c) Stores and spares	859.26	835.29
Total inventories	8,408.87	4,907.66

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

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

Note:

- Refer Note 28 for information about credit risk and market risk on receivables.
- Refer Note 37 for information on Trade Receivable hypothecated as security by the Company.

11 (i) Cash and cash equivalents	As at	
	31 March, 2018	31 March, 2017
	Rs. in lacs	
(a) Balances with scheduled banks		
(1) In current accounts	3,537.41	229.69
(2) In demand deposit accounts	7,711.28	30,235.31
(b) Cash on hand	0.69	1.39
Total Cash and cash equivalents as per Statement of Cash Flows	11,249.38	30,466.39
(ii) Other Bank balances		
In Unclaimed Dividend Accounts @	227.33	207.57
Fixed Deposit Accounts (with maturity of more than three months but less than twelve months)	30,684.00	-
	30,911.33	207.57
@ Includes earmarked balances in unclaimed dividend accounts	227.33	207.57

(iii) Disclosure of specified bank notes (SBNs)

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

Particulars	SBNs* (Rs.)	Other denomination notes (Rs.)	Total (Rs.)
Closing cash in hand as on 8 November, 2016	122,500.00	37,807.50	160,107.50
Add: Permitted receipts	-	671,872.00	671,872.00
Less: Permitted payments	-	(527,434.50)	(527,434.50)
Less: Amount deposited in Banks	(122,500.00)	-	(122,500.00)
Closing cash in hand as on 30 December, 2016	-	182,045.00	182,045.00

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

- 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.



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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
12 Equity share capital		
(a) Authorised Share Capital:		
25,000,000 fully paid equity shares of Rs. 10 each	2,500.00	2,500.00
(As at 31 March, 2017: 25,000,000 fully paid equity shares of Rs. 10 each)	<u>2,500.00</u>	<u>2,500.00</u>
(b) Issued, subscribed and fully paid up :		
15,400,000 equity shares of Rs. 10 each	1,540.00	1,540.00
(As at 31 March, 2017: 15,400,000 fully paid equity shares of Rs. 10 each)	<u>1,540.00</u>	<u>1,540.00</u>
(c) Fully paid equity shares		
	No. of equity shares	Amount Rs. in lacs
As at 1 April, 2016 (15,400,000 equity shares of Rs. 10 each)	15,400,000	1,540.00
Changes in equity share capital during the year As at 31 March, 2017	-	-
	<u>15,400,000</u>	<u>1,540.00</u>
Changes in equity share capital during the year As at 31 March, 2018 (15,400,000 equity shares of Rs. 10 each)	-	-
	<u>15,400,000</u>	<u>1,540.00</u>
(d) Shares held by holding Company		
	As at 31 March, 2018	As at 31 March, 2017
	No. of equity shares	No. of equity shares
	%	%
Fully paid equity shares		
Tata Steel Limited (Holding Company)	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
(e) Details of shareholders holding more than 5% of outstanding shares		
	As at 31 March, 2018	As at 31 March, 2017
	No. of equity shares	No. of equity shares
	%	%
Fully paid equity shares		
Tata Steel Limited (Holding Company)	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
(f) Rights, preferences and restrictions attached to shares		
<p>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.</p>		
13 Other equity	As at 31 March, 2018	As at 31 March, 2017
General reserves	77,000.00	77,000.00
Retained earnings	20,233.59	8,186.74
Other items of other comprehensive income	(130.99)	(242.24)
Total	<u>97,102.60</u>	<u>84,944.50</u>

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

Particulars	Reserves and surplus			Rs. in lacs
	General reserves	Retained earnings	Items of other comprehensive income	Total
			Other items of other comprehensive	
Balance as at 1 April, 2016	77,000.00	4,186.21	(106.09)	81,080.12
Profit for the year	-	5,874.04	-	5,874.04
Remeasurement gains / (losses) on defined benefit plans	-	-	(208.21)	(208.21)
Tax impact on other comprehensive income (OCI)	-	-	72.06	72.06
Dividend paid during the year	-	(1,540.00)	-	(1,540.00)
Tax on dividend	-	(313.51)	-	(313.51)
Balance as at 31 March, 2017	77,000.00	8,186.74	(242.24)	84,944.50
Profit for the period	-	14,085.71	-	14,085.71
Remeasurement gains / (losses) on defined benefit plans	-	-	170.13	170.13
Tax impact on other comprehensive income (OCI)	-	-	(58.88)	(58.88)
Dividend paid during the year	-	(1,694.00)	-	(1,694.00)
Tax on dividend	-	(344.86)	-	(344.86)
Balance as at 31 March, 2018	77,000.00	20,233.59	(130.99)	97,102.60

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

15 Deferred tax liabilities (net)

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

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

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

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

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

Note:

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

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

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

Refer Note 28 for information about credit risk and market risk on Trade payables.

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

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

	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
19 Current tax liabilities (Net)		
Provision for tax (net of advance tax)	5,390.33	3,234.86
Total current tax liabilities	5,390.33	3,234.86

	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
19 A Non current tax assets		
Advance tax and Tax Deducted at Sources (net of provision)	2,812.63	2,812.63
Total non current tax assets	2,812.63	2,812.63

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
20 Revenue from operations		
(a) Sale of sponge iron (including excise duty Rs.1,847.81 lacs up to 30 June, 2017 Rs. 5,785.30 lacs for the year ended 31 March, 2017)	75,516.55	56,344.27
(b) Sale of power	5,541.36	5,003.08
(c) Other operating revenue -Sale of Iron ore fines, coal fines, char and paving etc.	606.63	168.72
Gross revenue from operations	81,664.54	61,516.07
21 Other income		
(a) Interest income earned on financial assets that are not designated at fair value through Profit or Loss		
(i) Bank deposits (at amortised cost)	2,398.13	1,877.04
(ii) Other financial assets carried at amortised cost	364.42	291.12
(b) Dividend income		
(i) From equity investments	74.48	70.00
(ii) From Investment in Mutual fund (current)	1,121.54	1,290.51
(iii) Changes in fair value of financial assets at fair value through Profit and Loss (current)	4.41	-
(iv) Changes in fair value of financial assets at fair value through Profit and Loss (Non - current)	91.68	-
(c) Liabilities no longer required written back	0.29	27.39
(d) Net gain on sale of current investments	-	3.81
(e) Net gain on foreign currency transactions	32.11	9.34
(f) Other non-operating income	214.15	132.82
Total other income	4,301.21	3,702.03

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TATA SPONGE IRON LIMITED
Notes to the Standalone Financial Statements

Rs. in lacs

22 Cost of materials consumed

	Year ended 31 March, 2018	Year ended 31 March, 2017
Opening stock	3,854.26	1,835.48
Add: Purchases of materials	53,062.08	38,987.04
	56,916.34	40,822.52
Less: Closing stock	6,858.03	3,854.26
Total cost of materials consumed	50,058.31	36,968.26

Cost of materials consumed comprises

(a) Iron ore	17,724.81	14,492.13
(b) Coal	31,866.75	22,170.13
(c) Dolomite	466.75	306.00
Total cost of materials consumed	50,058.31	36,968.26

23 Changes in inventories of finished goods

	Year ended 31 March, 2018	Year ended 31 March, 2017
Finished goods		
Opening stock	218.11	543.02
Less: Closing stock	691.58	218.11
Net (increase) / decrease in finished goods	(473.47)	324.91

24 Employee benefits expense

	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Salaries and wages	3,425.09	3,929.29
(b) Contribution to provident and other funds (see Note 34)	398.52	386.07
(c) Staff welfare expenses	356.83	315.61
Total employee benefits expense	4,180.44	4,630.97

25 Finance costs

	Year ended 31 March, 2018	Year ended 31 March, 2017
Interest expenses		
Interest on statutory dues	324.67	244.40
Total finance costs	324.67	244.40

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
26 Depreciation and amortisation expense		
(a) Depreciation of property, plant and equipment (Refer Note 03)	1,062.67	1,108.83
(b) Amortisation of intangible assets (Refer Note 04)	167.61	167.48
Total depreciation and amortisation expenses	1,230.28	1,276.31

27 Other expenses

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
(a) Consumption of stores and spare parts	1,032.29	990.45
(b) Fuel oil consumed	111.78	88.42
(c) Purchase of power	10.01	15.88
(d) Rent	79.29	76.49
(e) Repairs to buildings	378.67	400.78
(f) Repairs to machinery	1,365.32	1,695.77
(g) Insurance	70.09	29.36
(h) Rates and taxes	996.79	526.54
(i) Freight and handling charges	698.56	670.88
(j) Commission, discounts and rebates	42.10	44.11
(k) Packing and forwarding	488.09	467.28
(l) Excise duty on change in finished goods	(35.55)	(29.49)
(m) Other expenses		
(1) Legal and professional costs	657.75	657.75
(2) Advertisement, promotion and selling expenses	33.18	40.33
(3) Travelling expenses	136.93	123.80
(4) Loss on disposal of property plant and equipment	3.49	6.96
(5) Corporate social responsibility expenses	180.46	219.21
(6) Other general expenses (*)	1,730.13	1,616.35
Total other expenses	7,979.38	7,640.67

(*) Includes R&D expenses amounting to Rs. 11.40 lacs (31 March, 2017 Rs.11.51 lacs) paid to Indian Institute of Technology, Bhubaneswar.

27.1 Payments to auditors

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
(1) Auditors remuneration and out-of-pocket expenses		
(i) As auditors - statutory audit	9.72	11.15
(i) As auditors - quarterly audits	7.60	10.92
(ii) As auditors - tax audit	2.02	2.02
(ii) For other services	-	5.09
(iii) Auditors out-of-pocket expenses	6.13	2.57
	25.47	31.75



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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

27.1A Income tax recognised in Statement of Profit and Loss

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
Current tax		
On profit for current year	7,099.00	2,669.00
	<u>7,099.00</u>	<u>2,669.00</u>
Deferred tax (Refer Note 16)		
In respect of the current year	(166.38)	(195.76)
	<u>(166.38)</u>	<u>(195.76)</u>
Total tax expense (Refer reconciliation below)	<u>6,932.62</u>	<u>2,473.24</u>

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

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
Profit before tax	21,018.33	8,347.28
Income tax expense calculated at enacted Income tax rate of 34.608% (31 March, 2017: 34.608%)	7,274.02	2,868.83
Effect of income that is exempt from taxation	(447.17)	(470.85)
Effect of expenses that are not deductible in determining taxable profit	106.67	54.83
Others	0.10	0.43
Income tax expense recognised in Statement of Profit and Loss	<u>6,932.62</u>	<u>2,473.24</u>

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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 monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and the shipments to customers are generally covered by letters of credit or other forms of credit assurance.

Other Financial Assets

Credit risk from balances with banks, term deposits, loans and investments is managed by Company's finance department. Investments of surplus funds are made only with approved counterparties who meet the minimum threshold requirements. The Company monitors ratings, credit spreads and financial strength of its counterparties.

Financial Assets that are Neither Past Due Nor Impaired

None of the Company's cash equivalents with banks, loans and investments as at 31 March, 2018 and 31 March, 2017 were past due or impaired. Total trade receivables of Rs. 5,880.50 lacs as at 31 March, 2018 and Rs. 3,576.67 lacs as at 31 March, 2017 consisted of customer balances that were neither past due nor impaired.

(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**

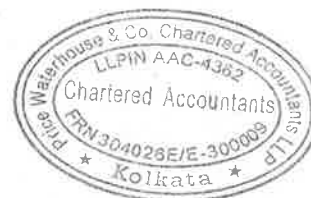
The Company has unutilised fund based arrangement with banks for Rs. 11,000.00 lacs (31 March, 2017: Rs. 11,000.00 lacs). The Company has also Non-Fund based facilities with banks for Rs. 21,315.00 lacs (31 March, 2017: Rs. 31,315.00 lacs) which may be utilised at any time and the banks have a right to terminate the same without notice.

(b) **Maturities of Financial Liabilities**

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Particulars	Within 1 year Rs. in lacs	More than 1 year Rs. in lacs
As at 31 March, 2018		
Trade payables	6,690.16	-
Other financial liabilities - current	422.78	-
As at 31 March, 2017		
Trade payables	5,252.46	-
Other financial liabilities - current	335.01	-

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TATA SPONGE IRON LIMITED
Notes to the Standalone Financial Statements

(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.

(a) **Foreign Currency Risk Exposure**

The Company does not have any exposure to foreign currency risk at the end of the reporting period.

(b) **Sensitivity**

The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

(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	
	Year ended 31 March, 2018	Year ended 31 March, 2017
NAV -Increase by 1%*	197.77	261.42
NAV -Decrease by 1%*	(197.77)	(261.42)

* Holding all other variables constant

(v) **Commodity Price Risk**

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchase of imported coal for production of finished goods. Cost of raw materials forms the largest portion of the Company's cost of sales. Market forces generally determine prices for the coal purchased by the Company. These prices may be influenced by factors such as supply and demand, production costs and global and regional economic conditions and growth. Adverse changes in any of these factors may impact the results of the Company.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

(b) **Capital Management:**

(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**

	Year ended 31 March, 2018	Year ended 31 March, 2017
Dividend Declared and Paid during the year		
Final dividend for the year ended 31 March, 2017 of Rs. 11.00 (31 March, 2016 – Rs. 10.00) per fully paid share (Rs. Per Share)	11.00	10.00
Dividend Distribution Tax on above 31 March, 2017 of Rs. 2.24 (31 March, 2016 – Rs. 2.04) per fully paid share (Rs. Per Share)	2.24	2.04
Proposed Dividend Not Recognised at the End of the Reporting Period		
In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Rs. 20 per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	20.00	
Dividend Distribution Tax on above (Rs. Per Share)	4.11	

(c) **Financial Instruments by Category**

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2018 is as follows:

	Rs. in lacs			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investments in Mutual fund	19,777.13	-	-	19,777.13
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	5,880.50	5,880.50
Cash and cash equivalents	-	-	11,249.38	11,249.38
Other bank balances	-	-	30,911.33	30,911.33
Other financial assets - non-current	-	-	6,412.84	6,412.84
Other financial assets - current	-	-	929.29	929.29
Total	19,777.13	80.00	55,383.34	75,240.47

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Liabilities:			
Trade payables	-	-	6,690.16
Other financial liabilities - current	-	-	422.78
Total	-	-	7,112.94

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2017 is as follows:

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Rs. in lacs Total carrying value
Assets:				
Investments in Mutual fund	26,142.10	-	-	26,142.10
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	3,576.67	3,576.67
Cash and cash equivalents	-	-	30,466.39	30,466.39
Other bank balances	-	-	207.57	207.57
Other financial assets - non-current	-	-	1,020.11	1,020.11
Other financial assets - current	-	-	721.17	721.17
Total	26,142.10	80.00	35,991.91	62,214.01

Investment in equity shares of subsidiaries carried at cost less impairment

106.01

Liabilities:			
Trade payables	-	-	5,252.46
Other financial liabilities - current	-	-	335.01
Total	-	-	5,587.47

Fair value measurement:

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March, 2017.

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 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

Particulars	As at 31 March, 2018	(Rs. in lacs) Fair value measurement at end of the reporting year using			Valuation techniques
		Level 1	Level 2	Level 3	
		Financial assets			
Investment in mutual funds	19,777.13	19,777.13	-	-	Based on the declared NAV. Shares in the investee company is unlisted and there are certain restrictions on disinvestment of such shares by the Company as this is a strategic investment. Further, there is a wide range of possible fair value measurements and the management on a prudent basis has considered to keep the investment at cost as the best representation of fair
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	
Total financial assets	19,857.13	19,777.13	-	80.00	

Particulars	As at 31 March, 2017	(Rs. in lacs) Fair value measurement at end of the reporting year using			Valuation techniques
		Level 1	Level 2	Level 3	
		Financial assets			
Investment in mutual funds	26,142.10	26,142.10	-	-	Same as above Same as above
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	
Total financial assets	26,222.10	26,142.10	-	80.00	



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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

29 Earnings per share

	Year ended 31 March, 2018	Year ended 31 March, 2017
Net profit for the year (Rs. In lacs)	14,085.71	5,874.04
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.)	91.47	38.14

Note: The Company did not have any potentially dilutive securities in any of the period presented.

30 Contingent liabilities

	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
(a) Claims against the Company not acknowledged as debts;		
(a) Income tax	159.28	154.04
(b) Odisha entry tax	2,579.93	2,579.93
(c) Customs duty (Refer Note below)	3,818.44	3,818.44
(d) Demand from Ministry of Coal against Radhikapur coal block [Refer Note 31]	3,250.00	3,250.00
(e) Demand from suppliers	152.13	152.13
	9,959.78	9,954.54

Note:

The above includes demand received from Commissioner of Customs (Preventive) aggregating to Rs. 4,398.99 lacs pertaining to the financial year 2012-13 on account of levy of additional customs duty on classification of the imported coal as bituminous coal as against Company's classification as steam coal. During the year, the Company has filed an appeal against the aforesaid order in the Customs, Excise and Service Tax Appellate Tribunal, Kolkata. The Company had paid an amount of Rs. 1,087.94 lacs and recognised the non-cenvatable portion of the duty and applicable interest as expense whereas cenvatable portion had been recognised as an advance in the year 2012-13.

	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
(b) Other money for which the Company is contingently liable		
(i) Renewable energy purchase obligation	632.89	632.89
(ii) Excise Duty	2,472.85	2,349.66
	3,105.74	2,982.55

In respect of above, it is not practicable for the Company to estimate the timings of cash outflows, is any, pending resolution of the respective proceedings. The company does not expect any reimbursements in respect of the above

(c) Cross subsidy surcharge payable to power distribution companies

In 2012-13, the Company injected power to State Grid due to denial of permission for open access by Orissa Power Transmission Corporation Limited ("OPTCL") to supply power to the parent Company Tata Steel Limited beyond the period of invocation of section 11 of Electricity Act, 2003 by the Government of Odisha i.e., June, 2012. As a result of which the Company could not meet the minimum stipulated criteria of 51% self-consumption of generated power as a captive power plant and the provisions of Cross Subsidy Surcharge under Electricity Act, 2003 became applicable. The Company filed a case before the Odisha Electricity Regulatory Commission ("OERC") for relief which was granted and consequently the Company has filed a case before Appellate Tribunal of Electricity ("ATE"), which is pending for adjudication. As a matter of prudence, an amount of Rs. 601.00 lacs had been provided in the year ended 31 March, 2015.

(d) The Company had filed a writ petition before the High Court of Orissa for sales tax exemption for a period of two years w.e.f. 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 has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Company had paid the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Company considered that the above limit of Rs. 252.56 lacs had to correspondingly reduce and accordingly made reduced payment. The Company however had provided the differential amount of Rs. 513.83 lacs upto the date of availing the benefit i.e., upto 31 March, 2012. The Company had started collecting sales tax on sale of sponge iron produced in those kilns w.e.f. 1 April, 2012 and depositing the same with Sales Tax Authorities after availing set off of applicable input tax credit.

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

(b) (i) During pendency of the aforesaid matters in Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India vide its order dated 24 September, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on 7 February, 2006. The amount incurred on the Radhikapur (East) Coal Block upto 31 March, 2018 aggregates to Rs. 18,040.96 lacs (31 March, 2017: Rs. 18,040.96 lacs).

(ii) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said Rules, the successful bidder will be called upon to pay to the prior allottee the expenses incurred by the prior allottee towards land and mine infrastructure. Pursuant to the judgement dated 9 March, 2017 of the Hon'ble High Court of Delhi in W.P (c) 973/2015, the Nominated Authority MoC vide its letter dated 1 February, 2018, the Company has furnished the required statement of expenses and other details in the prescribed format on 22 February, 2018. Relying on the legal position and legal opinion obtained by the Company in respect of the recoverability of the amount, no provision is considered necessary.

32 Estimated amounts of contracts remaining to be executed on capital account and not provided for Rs.156.95 lacs (As at 31 March, 2017: Rs 152.49 lacs) Net of advances Rs. 0.31 lacs (As at 31 March, 2017 Rs. 19.06 lacs.)



33. Related party transaction
(A) Related Parties

Name of Related Party	Relationship
Where Control exists:	
Tata Sons Limited	Company having significant Influence - Ultimate Controlling Party (UCP)
Tata Steel Limited	Holding Company
TSIL Energy Limited	Wholly owned subsidiary Company
Others with whom transactions have taken place during the year	
The Tinplate Company of India Limited	Fellow Subsidiary
Tata Pigments Limited	
The Indian Steel and Wire Products Limited	
Tata Metaliks Limited	
TM International Logistics Limited	Joint venture with TATA Steel Limited
Mjunction Services Limited	
Jampol Limited	
Tata Bluescope Steel Limited	Subsidiary of TATA Sons Limited
Tata International Limited	
Tata International Singapore PTE Limited	
TC Travel & Services Limited	Associate of TATA Steel Limited
TRL Krosaki Refractories Limited	
Mr. Sanjay K Pattnaik (Executive Director upto 31 October, 2016 and Managing Director w.e.f. 1 November, 2016)	Key Management personnel - Executive Director (MD)
Mr. D P Deshpande (Managing Director upto 31 October, 2016)	Key Management personnel - Executive Director (MD)
Mr. D K Banerjee, Mr. P C Parakh, Mr. Manoj T Thomas, Mr. Krishnava S Dutt, Mr. R Ranganath, Mrs Meena Lall, Dr. Omkar N Mohanty	Key Management personnel -Non-Executive Director (NED)
Tata Sponge Iron Limited Employee Provident Fund	Post Employment Benefit Plans (PEBP) as per Ind AS 24
Tata Sponge Iron Limited Superannuation Fund	
Tata Sponge Iron Limited Gratuity Fund	

Rs. in lacs

(B) Particulars of transactions during the year

Particulars	Sale of goods		Purchase of goods		Dividend Income		Dividend paid	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Holding Company								
Tata Steel Limited	311.77	35.84	18,008.49	14,252.45	-	-	923.29	839.36
Total	311.77	35.84	18,008.49	14,252.45	-	-	923.29	839.36
Fellow subsidiary								
The Indian Steel and Wire Products Limited	-	-	3.13	5.49	-	-	-	-
Tata Metaliks Limited	198.37	19.12	-	-	-	-	-	-
Tata Pigments Limited	-	-	-	1.13	-	-	-	-
Total	198.37	19.12	3.13	6.62	-	-	-	-
Associate of Tata Steel								
TRL Krosaki Refractories Limited	-	-	57.88	-	-	-	-	-
Total	-	-	57.88	-	-	-	-	-
Joint venture of Tata Steel								
Jampol Limited	-	-	-	-	74.48	70.00	-	-
Tata Bluescope Steel Limited	-	-	56.67	-	-	-	-	-
Total	-	-	56.67	-	74.48	70.00	-	-
Subsidiary of Tata Sons Limited								
Tata International Limited	8,805.84	4,234.12	2,227.43	2,148.44	-	-	-	-
Tata International Singapore PTE Limited	-	-	20,239.97	12,788.41	-	-	-	-
Total	8,805.84	4,234.12	22,467.40	14,936.85	-	-	-	-

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Particulars	Sale of power		Services received		Reimbursement of expenses	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Company having significant influence						
Tata Sons Limited	-	-	214.56	159.15	-	-
Total	-	-	214.56	159.15	-	-
Holding Company						
Tata Steel Limited	5,512.26	4,988.45	40.29	30.69	-	-
Total	5,512.26	4,988.45	40.29	30.69	-	-
Fellow subsidiary						
TM International Logistics Limited	-	-	713.22	689.84	619.90	605.48
The Tinplate Company of India Limited	-	-	0.03	0.03	-	-
Jamshedpur Utilities & Services Company Limited	-	-	-	0.04	-	-
Total	-	-	713.25	689.91	619.90	605.48
Joint Venture of Tata Steel						
Mundion Services Limited	-	-	2.38	-	-	-
Total	-	-	2.38	-	-	-
Subsidiary of Tata Sons Limited						
Tata International Limited	-	-	-	-	666.75	600.48
Tata International Singapore PTE Limited	-	-	-	-	208.90	0.94
TC Travel & Services Limited	-	-	33.68	25.10	34.77	28.99
Tata Consultancy Services Limited	-	-	-	35.69	-	-
Total	-	-	33.68	60.79	910.42	630.41

Compensation of key management personnel	Year ended 31 March, 2018	Year ended 31 March, 2017
MD		
Remuneration		
-Short term Employee Benefits	176.12	279.04
-Post Employment Benefits	25.65	149.12
Total	201.77	428.16
NED		
Sitting Fees		
Mr. A M Misra	2.30	2.50
Mr. D K Banerjee	2.85	3.20
Mr. Manoj T Thomas	2.70	2.90
Mr. P C Parakh	3.10	2.90
Dr. Omkar N Mohanty	3.30	3.10
Mr. Krishnava S Dutt	1.15	1.85
Commission		
Mr. A M Misra	7.83	7.71
Mr. D K Banerjee	5.65	5.92
Mr. P C Parakh	8.70	8.95
Mr. Manoj T Thomas	6.09	6.13
Dr. Omkar N Mohanty	6.52	5.11
Mr. Krishnava S Dutt	2.61	3.11
Total	52.60	51.28
(D) Contribution to PEBP		
Tata Sponge Iron Limited Employee Provident Fund	193.68	194.93
Tata Sponge Iron Limited Superannuation Fund	107.69	108.17
Tata Sponge Iron Limited Gratuity Fund	97.14	83.08
Total	398.51	386.08

(E) Balances Outstanding

Particulars	Trade receivables		Trade payables		Advances		Investments	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Company having significant influence								
Tata Sons Limited	-	-	189.21	135.77	-	-	-	-
Holding Company								
Tata Steel Limited	585.57	486.77	1,989.19	1,391.15	-	-	-	-
Fellow subsidiary								
TM International Logistics Limited	-	-	-	-	50.98	20.00	-	-
Tata Metals Limited	43.43	-	-	-	-	-	-	-
The Tinplate Company of India Limited	-	-	0.01	-	-	-	-	-
The Indian Steel and Wire Products Limited	-	-	0.83	1.06	-	-	-	-
Joint venture of Tata Steel								
Tata Bluescope Steel Limited	-	-	23.16	-	-	-	80.00	80.00
Jampoi Limited	-	-	-	-	-	-	-	-
Subsidiary of Tata Sons Limited								
Tata International Limited	-	-	-	411.37	-	-	-	-
TC Travel & Services Limited	-	-	1.89	2.84	-	-	-	-
Tata Consultancy Services Limited	-	-	-	32.57	-	-	-	-
Total	629.00	486.77	2,204.09	1,974.56	50.98	20.00	80.00	80.00

Particulars	As at March 31, 2018	As at March 31, 2017
MD		
Other Current Liabilities	6.23	5.14
NED		
Other Current Liabilities		
Mr. A M Misra	7.83	7.71
Mr. D K Banerjee	5.65	5.92
Mr. Manoj T Thomas	8.70	8.95
Mr. P C Parakh	6.09	6.13
Dr. Omkar N Mohanty	6.52	5.11
Mr. Krishnava S Dutt	2.61	3.11



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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

34 Employee benefits

(a)	Superannuation	Rs. in lacs	
		Year ended 31 March, 2018	Year ended 31 March, 2017
	Contribution to superannuation fund	107.89	108.17
		107.89	108.17

(b) Post Retirement Gratuity and Ex-MD Pension

Description of plan characteristics and associated risks

Gratuity liability arises on retirement, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) upto 30 years of service and beyond 30 years of service, the liability is calculated on the basis of one month salary for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

The Scheme is funded by way of a separate irrevocable Trust and the company is expected to make regular contributions to the Trust. The fund is managed by an insurance company and the assets are invested in their conventional group gratuity product. The fund provides a capital guarantee of the balance accumulated and declares interest periodically that is credited to the fund account. The Trust assets managed by the fund manager are highly liquid in nature and we do not expect any significant liquidity risks. The Trust is responsible for investment of assets of the Trust as well as day to day administration of the scheme.

The gratuity plan typically exposes the Company to actuarial risks such as: interest rate risk, longevity risk and salary risk.

- Interest risk :** A decrease in the Indian government bond yield rate (discount rate) will increase the plan liability.
- Salary risk :** The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

In respect of the plans in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March, 2018 by Mr Ritobrata Sarkar, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Board of Directors of the company grants approval for provisions of special retirement benefits to Managing Directors. The retirement benefit includes indexed monthly pension which is reviewed in every three years and medical benefits. The benefits in short are called as ExMD pension and Post Retirement Medical Benefit (PRMB). Both the benefit schemes are available to the spouses of concern MDs.

The said benefits are not contractual obligation of the company. The provisions of the above benefits can only be given after signing the agreement containing the non-compete clause. The liability 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, 2018		Year ended 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
1 Reconciliation of opening and closing balances of obligation				
a. Opening defined benefit obligation	1,783.95	1,277.01	1,533.44	687.98
b. Current service cost	97.14	-	86.52	-
c. Interest cost	119.78	86.79	111.51	50.96
d. Remeasurement (gains)/losses				
(i) Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
(ii) Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
(iii) Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
e. Benefits paid	(145.58)	(74.42)	(189.34)	(60.74)
f. Past service costs	-	-	-	575.98
g. Acquisition cost	3.18	-	48.33	-
Closing defined benefit obligation	1,778.80	1,169.93	1,783.94	1,277.01
2 Movements in the fair value of the plan assets are as follows:				
a. Opening fair value of plan assets	1,783.94	-	1,578.17	-
b. Interest income	119.78	-	114.97	-
c. Remeasurement gains/(losses)				
(i) Return on plan assets (excluding amounts included in net interest expense)	(33.40)	-	9.38	-
d. Contributions from the employer	25.19	-	222.43	-
e. Benefits paid	(145.58)	-	(189.34)	-
f. Acquisition cost	3.18	-	48.33	-
Fair value of plan assets as at end of the year	1,753.11	-	1,783.94	-

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
3 Reconciliation of fair value of assets and obligations				
a. Fair value of plan assets as at end of the year	1,753.11	-	1,783.94	-
b. Present value of funded/unfunded defined benefit obligation as at the end of the year	1,778.80	1,169.93	1,783.94	1,277.01
c. Amount recognised in the balance sheet				
(i) Retirement benefit asset - Current	-	-	-	-
(ii) Retirement benefit asset - Non current	-	-	-	-
(iii) Retirement benefit liability - Current	25.69	70.23	-	68.94
(iv) Retirement benefit liability - Non current	-	1,099.70	-	1,208.07

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

	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
a. Service cost				
(i) Current service cost	97.14	-	86.52	-
(ii) Past service cost	-	-	-	575.98
b. Net interest expense	-	86.79	(3.46)	50.96
Components of defined benefit costs recognised in profit or loss	97.14	86.79	83.06	626.94
Remeasurement on the net defined benefit liability:				
c. The return on plan assets (excluding amounts included in net interest expense)	33.40	-	(9.38)	-
d. Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
e. Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
f. Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
Defined benefit costs recorded in Other comprehensive income	(46.27)	(119.45)	184.10	22.83
Total of defined costs	50.87	(32.66)	267.16	649.77

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

5 The plan assets of the Company relating to Gratuity are managed through a trust are invested through Life Insurance Corporation (LIC). The details of investments relating to these assets are not shown by LIC. Hence, the composition of each major category of plan assets, the percentage or amount that each major category constitutes to the fair value of the total plan assets has not been disclosed.

Category of Plan Assets:

Funded with LIC

In %	In %
100%	100%

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

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
a. Discount rate (per annum)	7.50%	7.50%	7.00%	7.00%
b. Expected rate of salary increase (per annum)	8.00%	6.00%	8.00%	6.00%
c. Estimated rate of return on plan asset (per annum)	7.50%	NA	9.10%	NA
d. Mortality rate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate
e. Withdrawal rate				
- Ages from 20-25			5%	
- Ages from 25-30			3%	
- Ages from 30-35			2%	
- Ages from 35-50	1.00%	Refer note below	1%	Refer note below
- Ages from 50-55			2%	
- Ages from 55-58			3%	

Note:

In respect of Ex - MD Pension, the effects of mortality and withdrawal have been factored by constructing a Multiple Decrement Table taking into account the above mortality table.

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TATA SPONGE IRON LIMITED
Notes to the Standalone Financial Statements

7 Duration
Weighted average duration of the defined benefit obligation (Active members)
Number of years

As at 31 March, 2018		As at 31 March, 2017	
Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
7	11	6	6

As at 31 March, 2018		As at 31 March, 2017	
Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
Amount	Amount	Amount	Amount
(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)

Maturity Profile of Defined Benefit Obligation

Within 1 year	145.39	72.81	163.55	71.31
1-2 year	412.69	148.15	369.08	146.91
2-5 years	1,163.23	378.64	1,202.11	402.01
Over 5 years	2,383.62	1,096.87	2,397.95	939.99

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

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount	Amount	Amount	Amount
	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)	(Rs. in lacs)
Present value of defined benefit obligation	1,778.80	1,169.93	1,783.94	1,277.01
Fair value of plan assets	1,753.11	-	1,783.94	-
Funded status	(25.69)	(1,169.93)	-	(1,277.01)
Expected contribution (best estimate) to funded plans in subsequent financial year	25.69	NA	163.55	NA

9 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

a) On post retirement gratuity plan

- If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 104.19 lacs (increase by Rs. 92.58 lacs) [as at 31 March, 2017: decrease by Rs. 96.08 lacs (increase by Rs. 108.21 lacs)].
- If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 102.96 lacs (decrease by Rs. 93.23 lacs) [as at 31 March, 2017: increase by Rs. 106.16 lacs (decrease by Rs. 96.13 lacs)].

b) On post retirement pension plan

- If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 135.73 lacs (increase by Rs. 113.35 lacs) [as at 31 March, 2017: decrease by Rs. 69.98 lacs (increase by Rs. 77.01 lacs)].
- If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 136.78 lacs (decrease by Rs. 116.07 lacs) [as at 31 March, 2017: increase by Rs. 77.39 lacs (decrease by Rs. 70.92 lacs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

c) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

Particulars	(Rs. in lacs)				
	Gratuity				
	Year ended	Year ended	Year ended	Year ended	Year ended
	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Present value of DBO	1,778.80	1,783.94	1,533.44	1,356.52	1,053.91
Fair value of plan assets	1,753.11	1,783.94	1,578.17	1,356.52	1,093.98
Funded status (Surplus / (Deficit))	(25.69)	-	44.73	-	40.07
Experience gain / (loss) adjustments on plan liabilities	(79.67)	193.48	7.30	(62.91)	(29.12)
Experience gain / (loss) adjustments on plan assets	(33.40)	9.38	11.38	2.11	2.57

d) Experience on actuarial gain / (loss) for benefit obligations and plan assets:

Particulars	(Rs. in lacs)				
	Ex-MD Pension				
	Year ended	Year ended	Year ended	Year ended	Year ended
	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Present value of DBO	1,169.93	1,277.01	687.98	519.93	462.80
Fair value of plan assets	-	-	-	-	-
Funded status (Surplus / (Deficit))	(1,169.93)	(1,277.01)	(687.98)	(519.93)	(462.80)
Experience gain / (loss) adjustments on plan liabilities	(119.44)	22.83	170.21	(6.67)	(8.16)
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

The company ensures that the investment positions are managed within an asset liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the company's ALM objective is to match assets to the gratuity obligations by investing with LIC



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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

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

	Year ended	Year ended
	31 March, 2018	31 March, 2017
	PRMB	
	Amount	Amount
	(Rs. in lacs)	(Rs. in lacs)
1 Reconciliation of opening and closing balances of obligation		
a Opening defined benefit obligation	81.02	53.59
b Interest cost	5.48	4.02
c Remeasurement (gains)/losses		
(i) Actuarial gains and losses arising from changes in financial assumption	(3.01)	3.57
(ii) Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(2.29)
d Benefits paid	(5.51)	(3.42)
e Past service costs	-	25.55
Closing defined benefit obligation	76.56	81.02

	As at	As at
	31 March, 2018	31 March, 2017
	PRMB	
	Amount	Amount
	(Rs. in lacs)	(Rs. in lacs)
2 Reconciliation of fair value of assets and obligations		
a Fair value of plan assets as at end of the year	-	-
b Present value of obligation as at the end of the year	76.56	81.02
c Amount recognised in the balance sheet		
(i) Retirement benefit asset - current	-	-
(ii) Retirement benefit asset - non current	-	-
(iii) Retirement benefit liability - current	7.37	7.70
(iv) Retirement benefit liability - non current	69.19	73.32

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

	As at	As at
	31 March, 2018	31 March, 2017
	PRMB	
	Amount	Amount
	(Rs. in lacs)	(Rs. in lacs)
a. Service cost		
(i) Current service cost	-	-
(ii) Past service cost	-	-
b. Net interest expense	5.48	4.18
Components of defined benefit costs recognised in profit or loss	5.48	4.18
Remeasurement on the net defined benefit liability:		
c. Actuarial gains and losses arising from changes in financial assumption	(3.01)	-
d. Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(3.89)
Components of defined benefit costs recorded in other comprehensive income	(4.43)	(3.89)
Total	1.05	0.29

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

	As at	As at
	31 March, 2018	31 March, 2017
a. Discount rate (per annum)	7.50%	7.00%
b. Medical cost - % of annual entitlement utilised (per annum)	20.00%	20.00%
c. Mortality rate	LIC Annuitants (1996-98) Ultimate	LIC Annuitants (1996-98) Ultimate

5 Experience on actuarial gain/(loss) for benefit obligations and plan assets:

Particulars	PRMB				
	Year ended	Year ended	Year ended	Year ended	Year ended
	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Present value of DBO	76.56	81.02	53.59	54.64	50.86
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(76.56)	(81.02)	(53.59)	(54.64)	(50.86)
Experience gain / (loss) adjustments on plan liabilities	4.43	(1.28)	3.89	3.87	4.25
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

6 The average duration of the defined benefit plan obligation representing average duration for active members is 8 years (31 March, 2017: 5 years).

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7 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

On PRMB

- i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 6,32 lacs (increase by Rs. 5,47 lacs) (as at 31 March, 2017: decrease by Rs. 3,21 lacs (increase by Rs. 3,46 lacs)).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Additional information relating to employee benefits obligation:

1. The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.
2. Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.
3. Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.
4. Net liabilities for pension, gratuities and post retirement medical benefits is disclosed in Note 14 under the heading "Post-employment defined benefits".
5. Expenses relating to pension and post retirement medical benefits are included in Employee benefits expense under the heading Salaries and Wages including Bonus in Note 24 whereas expenses for retiring gratuities are included under the Contribution to Provident and Other Funds in Note 24.

(d) Actuarial assumptions for compensated absences

Particulars	Refer note below	As at	As at
		31 March, 2018	31 March, 2017
(i) Discount rate (per annum)	1	7.50%	7.00%
(ii) Salary escalation rate (per annum)	3	8.00%	8.00%

Notes :

1. The discount rate is based on the prevailing market yields of Government securities as at the balance sheet date for the estimated term of obligations.
2. The compensated absences plan is funded.
3. The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

(e) Provident Fund - All employees in the rolls of the Company receive provident fund benefits, which are administered by the Provident Fund Trust exempted under section 17(1)(a) of Employees Provident Fund and Misc. Provisions Act 1952 set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to Provident Fund Trust. If the Board of 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.193.68 lacs (31 March, 2017: Rs.194.84 lacs) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 24. Disclosures given hereunder are restricted to the information available as per the Actuary's Report.

	As at	As at
	31 March, 2018	31 March, 2017
Discount rates	7.50%	7.00%
Expected yield on plan assets	8.75%	8.75%
Guaranteed Interest Rate	8.55%	8.60%

(f) Risk Exposure

Though its defined benefit plans, the Company is exposed to some risks, the most significant of which are detailed below:

Discount Rate Risk

The Company is exposed to the risk of fall in discount rate. A fall in discount rate will eventually increase the ultimate cost of providing the above benefit thereby increasing the value of the liability.

Salary Growth Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

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.

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

35 Segment reporting

- (a) The Company has identified business segment as the primary segment. The Company is engaged in production of sponge iron and generation of power from waste heat. Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on manufacture of sponge iron and generation of power, reportable segments for financial statements in accordance with Ind AS 108 "Operating Segment". The Company's activities/operations are primarily within India.
- (b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable. Assets and liabilities that cannot be allocated between the segments are shown as unallocable assets and liabilities respectively.

(c) **Segment Disclosures**

Particulars	Rs. in lacs	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Segment revenue		
Sponge Iron	76,123.17	56,512.98
Power	7,243.08	6,464.50
Less: Inter segment transaction	(1,701.71)	(1,461.41)
	81,664.54	61,516.07
Segment results		
Sponge Iron	12,471.38	804.98
Power	4,750.88	4,320.17
Unallocated income / (expenditure)	4,120.74	3,466.53
	21,343.00	8,591.68
Profit Before Finance Cost and Tax		
Less: Finance costs	324.67	244.40
	21,018.33	8,347.28
Profit before tax		
Less: Tax expenses	6,932.62	2,473.24
	14,085.71	5,874.04
Profit after tax		
Other comprehensive income	111.25	(136.15)
Total comprehensive income for the year	14,196.96	5,737.89
Segment assets and liabilities		
		Rs. in lacs
Particulars	As at 31 March, 2018	As at 31 March, 2017
Segment assets		
Sponge Iron	44,572.31	38,309.91
Power	4,573.24	4,722.96
Unallocated	72,278.57	61,547.13
	121,424.12	104,580.00
Segment liabilities		
Sponge Iron	12,766.49	10,479.16
Power	711.24	678.85
Unallocated	9,303.79	6,937.49
	22,781.52	18,095.50

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

Name of customer	Year ended 31 March, 2018	Year ended 31 March, 2017
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
Sponge Iron		
K.D Iron & Steel Co.	7,898.63	6,454.49
Lhaki Steels & Rolling Pvt Ltd	9,328.79	9,793.17
Sponge Sales India Pvt Ltd	8,028.80	-
TATA International Ltd	7,848.18	-
Power		
Tata Steel Ltd	5,457.67	5,003.09
	38,562.07	21,250.75

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TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

Particulars	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
Additions to Non - Current assets		
Sponge Iron	682.55	28.91
Power	-	-
Unallocated	-	-
	682.55	28.91
Depreciation and amortisation		
Sponge Iron	989.34	1,031.10
Power	240.94	245.21
Unallocated	-	-
	1,230.28	1,276.31

36 Disclosure relating to provisions as per Ind AS 37 - Provisions, contingent liabilities and contingent assets

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

- The Company has a present obligation as a result of past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation

Particulars	Rs. in lacs					
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Carrying amount as at beginning of the year	2,512.77	2,723.99	601.00	601.00	1,589.31	1,587.00
Provision made during the year	25.98	240.78	-	-	298.60	2.31
Amount paid during the year	-	452.00	-	-	-	-
Unused amount reversed during the year	-	-	-	-	-	-
Carrying amount as at the end of the year	2,538.75	2,512.77	601.00	601.00	1,887.91	1,589.31
Nature of obligation	VAT, entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities		The above matters are under dispute with authorities		The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence	
Amount of any expected reimbursement, i.e., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil	Nil	Nil	Nil	Nil

37 Assets hypothecated as Security

The carrying amount of inventories and trade receivables (Note 09 and Note 10 respectively) are hypothecated as Primary security and Property, plant and equipment (Note 03) hypothecated as collateral security for working capital requirements.

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TATA SPONGE IRON LIMITED**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. 79.29 lacs (31 March, 2017: Rs. 76.49 lacs) have been debited to the Statement of Profit and Loss.

39 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY:

- a. Gross amount required to be spent by the Company during the year 31 March, 2018: Rs. 179.22 lacs (31 March, 2017: Rs. 218.70 lacs)
 b. Amount spent during the year ended 31 March, 2018 (figures in brackets represents amount for the previous year)

Sl No. Particulars	Rs. in lacs		
	Paid (A)	Yet to be Paid (B)	Total (A)+(B)
(i) Construction / acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	125.36	55.10	180.46
	(166.96)	(52.25)	(219.21)
Total	125.36	55.10	180.46
	(166.96)	(52.25)	(219.21)

40 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

41 Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28 March 2018. The rules among other key amendments relate to Ind AS 12, Income Taxes, Ind AS 21, The Effects of Changes in Foreign Exchange Rates, Ind AS 28, Investments in Associates and Joint Ventures, Ind AS 40, Investment Property, and Ind AS 115, Revenue from Contracts with Customers. These rules come into force from 1 April 2018. The company is evaluating the effect of the same with respect to the changes in the GAAP.

42 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except a sum of Rs. 4.28 lacs, which is held in abeyance due to pending legal cases.

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

For and on behalf of the Board of Directors



A M Misra
 Chairman

Sanjay Kumar Pattnaik
 Managing Director

Pinaki Chowdhury
 Partner
 Membership No. 057572

S K Mishra
 Chief Financial Officer

Sanjay Kasture
 Company Secretary

Place: Kolkata

Date: 17 April, 2018

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Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Sponge Iron Limited

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

1. We have audited the accompanying consolidated Ind AS financial statements of Tata Sponge Iron Limited (hereinafter referred to as "the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group"); (refer Note 44 to the attached consolidated Ind AS financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
4. We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors'

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Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata-700091
Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)



Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT
To the Members of Tata Sponge Iron Limited
Report on the Consolidated Ind AS Financial Statements
Page 2 of 3

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

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

Opinion

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

Other Matter

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

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
 - (b) In our opinion, proper books of account as required by law maintained by the Holding Company and its subsidiary included in the Group including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and its subsidiary.
 - (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss (including other comprehensive income), consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiary included in the



Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITORS' REPORT

To the Members of Tata Sponge Iron Limited

Report on the Consolidated Ind AS Financial Statements

Page 3 of 3

Group including relevant records relating to the preparation of the consolidated Ind AS financial statements.

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on April 1, 2018 taken on record by the Board of Directors of the Holding Company and its subsidiary respectively, none of the directors of the Group company is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group - Refer Note 30 to the consolidated Ind AS financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts as at March 31, 2018.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary company incorporated in India during the year ended March 31, 2018 except for amounts aggregating to Rs 4.28 lakhs relating to the Holding Company, which according to the information and explanations provided by management is held in abeyance due to pending legal cases. (Refer Note 43 to the consolidated Ind AS financial statements).
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

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



Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

Annexure A to Independent Auditors' Report

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

Page 1 of 2

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Tata Sponge Iron Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company its subsidiary company and its associate company to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Annexure A to Independent Auditors' Report

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

Page 2 of 2

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Holding Company, and subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 17, 2018

TATA SPONGE IRON LIMITED
Consolidated Balance Sheet as at 31 March, 2018

		Rs. in lacs	
	Notes	As at 31 March, 2018	As at 31 March, 2017
Assets			
(1) Non-current assets			
(a) Property, plant and equipment	03	14,666.50	15,079.72
(b) Capital work-in-progress	03	582.19	563.48
(c) Intangible assets	04	233.03	390.95
(d) Financial assets			
(i) Investments	05	7,171.68	80.00
(ii) Loans	06	15.29	19.71
(iii) Other financial assets	07	6,412.84	1,020.11
(e) Non current tax assets (net)	19 A	2,812.63	2,812.63
(f) Other non-current assets	08	17,478.59	17,471.43
Total non-current assets		49,372.75	37,438.03
(2) Current assets			
(a) Inventories	09	8,408.87	4,907.66
(b) Financial assets			
(i) Investments	05	12,800.83	26,255.33
(ii) Trade receivables	10	5,880.50	3,576.67
(iii) Cash and cash equivalents	11 (i)	11,251.88	30,468.08
(iv) Other bank balances	11 (ii)	30,911.33	207.57
(v) Loans	06	252.20	279.91
(vi) Other financial assets	07	929.29	721.17
(c) Other current assets	08	1,628.34	734.49
Total current assets		72,063.24	67,150.88
Total assets		121,435.99	104,588.91
Equity and liabilities			
(1) Equity			
(a) Equity share capital	12	1,540.00	1,540.00
(b) Other equity	13	97,112.60	84,952.26
Total equity		98,652.60	86,492.26
(2) Liabilities			
Non-current liabilities			
(a) Provisions	14	1,168.89	1,281.39
(b) Deferred tax liabilities (net)	15	1,798.21	1,905.71
Total non-current liabilities		2,967.10	3,187.10
Current liabilities			
(a) Financial liabilities			
(i) Trade payables	16	6,692.03	5,253.61
(ii) Other financial liabilities	18	422.78	335.01
(b) Provisions	14	5,145.03	4,779.72
(c) Current tax liabilities (net)	19	5,390.33	3,234.86
(d) Other current liabilities	17	2,166.12	1,306.35
Total current liabilities		19,816.29	14,909.55
Total liabilities		22,783.39	18,096.65
Total equity and liabilities		121,435.99	104,588.91

The accompanying Notes form an integral part of the Consolidated Balance Sheet

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

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

For and on behalf of the Board of Directors



Pinaki Chowdhury
 Partner
 Membership No. 057572

A M Misra
 Chairman

Sanjay Kumar Pattnaik
 Managing Director

S K Mishra
 Chief Financial Officer

Sanjay Kasture
 Company Secretary

Place: Kolkata
 Date: 17 April, 2018

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TATA SPONGE IRON LIMITED
Consolidated Statement of Profit and Loss for the year ended 31 March, 2018

		Rs. in lacs	
	Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
I	Revenue from operations	20	
II	Other income	21	
III	Total income (I + II)	81,664.54	61,516.07
		4,306.36	3,707.29
IV	Expenses:		
	Cost of materials consumed	22	
	Changes in inventories of finished goods and stock in trade	23	
		50,058.31	36,968.26
		(473.47)	324.91
	Excise duty on sale of goods	24	
	Employee benefits expense	24	
	Finance costs	25	
	Depreciation and amortisation expense	26	
	Other expenses	27	
		1,647.81	5,785.30
		4,180.44	4,630.97
		324.67	244.40
		1,230.28	1,276.31
		7,982.29	7,642.93
	Total expenses (IV)	64,950.33	56,873.08
V	Profit before tax (III - IV)	21,020.57	8,350.28
VI	Tax expense:		
	(1) Current tax	27.1A	
	(2) Deferred tax	15	
	Total tax expense VI	7,099.00	2,669.00
		(166.38)	(195.76)
VII	Profit for the year (V - VI)	6,932.62	2,473.24
VII	Other comprehensive income		
	Items that will not be reclassified to profit or loss		
	(a) Remeasurement of the defined benefit plans	170.13	(208.21)
	(b) Income tax relating to items that will not be reclassified to profit or loss	(58.88)	72.06
IX	Total other comprehensive income	111.25	(136.15)
X	Total comprehensive income for the year (VII+VIII) (Comprising profit and other comprehensive income for the year)	14,199.20	5,740.89
XI	Earnings per equity share (face value of Rs. 10 each) :		
	(1) Basic (in Rs.)	29	
	(2) Diluted (in Rs.)		
		91.48	38.16
		91.48	38.16

The accompanying Notes form an integral part of the Consolidated Statement of Profit and Loss

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

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

For and on behalf of the Board of Directors



Pinaki Chowdhury
 Partner
 Membership No. 057572

A M Misra
 Chairman

Sanjay Kumar Pattnaik
 Managing Director

S K Mishra
 Chief Financial Officer

Sanjay Kasture
 Company Secretary

Place: Kolkata
 Date: 17 April, 2018

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TATA SPONGE IRON LIMITED
Consolidated Statement of changes in equity for the year ended 31 March, 2018

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

Particulars	Notes	Reserves and surplus		Items of other comprehensive income	Total
		General reserves	Retained earnings	Other items of other comprehensive income	
As at 1 April, 2016	13	77,000.00	4,170.97	(106.09)	81,064.88
Profit for the year		-	5,877.04	-	5,877.04
Remeasurement gains / (losses) on defined benefit plans		-	-	(208.21)	(208.21)
Tax impact on other comprehensive income (OCI)		-	-	72.06	72.06
Dividend paid during the year		-	(1,540.00)	-	(1,540.00)
Tax on dividend		-	(313.51)	-	(313.51)
Balance as at 31 March, 2017	13	77,000.00	8,194.50	(242.24)	84,952.26
Profit for the year		-	14,087.95	-	14,087.95
Remeasurement gains / (losses) on defined benefit plans		-	-	170.13	170.13
Tax impact on other comprehensive income (OCI)		-	-	(58.88)	(58.88)
Dividend paid during the year		-	(1,694.00)	-	(1,694.00)
Tax on dividend		-	(344.86)	-	(344.86)
Balance as at 31 March, 2018	13	77,000.00	20,243.59	(130.99)	97,112.60

The accompanying Notes form an integral part of the Consolidated Statement of Changes in Equity

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

For Price Waterhouse & Co Chartered Accountants LLP
 Firm Registration Number - 304028E/E-300009
 Chartered Accountants

For and on behalf of the Board of Directors



Pinaki Chowdhury
 Partner
 Membership No. 057572

A M Misra
 Chairman

Sanjay Kumar Pattnaik
 Managing Director

S K Mishra
 Chief Financial Officer

Sanjay Kasture
 Company Secretary

Place: Kolkata
 Date: 17 April, 2018

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TATA SPONGE IRON LIMITED

Consolidated Cash flow statement for the year ended 31 March, 2018

	Rs. in lacs	
	Year ended 31 March, 2018	Year ended 31 March, 2017
A. Cash flows from operating activities		
Profit before tax	21,020.57	8,350.28
Adjustments for:		
Depreciation and amortisation expense	1,230.28	1,276.31
Amortisation of lease hold Land	0.47	0.47
Dividend from current investments	(1,126.62)	(1,295.77)
Changes in fair value of financial assets at fair value through profit & Loss	(4.48)	-
Changes in fair value of non-current financial assets at fair value through profit and Loss	(91.68)	-
Dividend received from equity investments	(74.48)	(70.00)
Gain on sale of current investments	-	(3.81)
Loss on disposal of property, plant and equipment	3.49	6.96
Interest income	(2,762.55)	(2,168.16)
Finance cost	324.67	244.40
Liabilities no longer required written back	(0.29)	(27.39)
Operating profit before working capital changes	18,519.38	6,313.29
Changes in operating assets and liabilities:		
(Increase) in Inventories	(3,501.21)	(1,671.44)
(Increase) in Trade receivables	(2,303.83)	(633.62)
(Increase) in Other current assets	(893.85)	(344.51)
(Increase)/ Decrease in Loans	27.71	(279.91)
Decrease in Other financial assets	155.90	250.50
(Increase) in Other non-current assets	(5,395.94)	(927.32)
Increase in Trade payables	1,438.42	1,183.44
Increase / (Decrease) in Other financial liabilities	46.78	(484.59)
Increase in Other-current liabilities	860.06	627.75
Increase / (Decrease) in Provisions - current	210.77	(639.86)
Increase / (Decrease) in Provisions - non current	(112.50)	594.80
Cash generated from operations	9,051.69	4,008.53
Income taxes paid	(4,943.53)	(1,843.42)
Net cash generated from operating activities	4,108.16	2,165.11
B. Cash flows from investing activities		
Payments for purchases of property, plant and equipment (including capital advances)	(680.98)	(388.07)
Proceeds from disposal of property, plant and equipment	1.21	6.50
Payments to acquire current investments	(42,761.62)	(65,867.80)
Payments to acquire Non-current investments	(7,000.00)	-
Proceeds from disposal of current investments	56,220.60	68,074.30
Movement in fixed deposits	(30,684.00)	-
Interest received	2,398.53	1,948.22
Dividend received from equity investments	74.48	70.00
Dividend received from current investments	1,126.62	1,295.77
Net cash generated / (used) in investing activities	(21,305.16)	5,138.92
C. Cash flows from financing activities:		
Dividend paid	(1,674.34)	(1,531.61)
Tax on dividend paid	(344.86)	(313.51)
Net cash used in financing activities	(2,019.20)	(1,845.12)
Net increase / (decrease) in cash or cash equivalents	(19,216.20)	5,458.91
Cash and cash equivalents at the beginning of the year (Refer Note 11)	30,468.08	25,009.17
Cash and cash equivalents at the end of the year (Refer Note 11)	11,251.88	30,468.08

The accompanying Notes form an integral part of the Consolidated Cash Flow Statement
This is the Consolidated Cash Flow Statement referred to our report of even date

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

For and on behalf of the Board of Directors



Pinaki Chowdhury
Partner
Membership No. 057572

A M Misra
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Kolkata
Date: 17 April, 2018

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NOTES TO THE FINANCIAL STATEMENTS

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 financial statements.

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

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

Significant accounting policies

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

1. Basis of preparation

A. Compliance with Ind AS

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

B. Historical Cost Convention

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

- i) certain financial assets and liabilities that is measured at fair value;
- ii) defined benefit plans — plan assets measured at fair value.

C. Current versus Non-current Classification

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

An asset is classified as current when it is:

- i) expected to be realised or intended to be sold or consumed in the normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) expected to be realised within twelve months after the reporting period, or
- iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- i) it is expected to be settled in the normal operating cycle,
- ii) it is incurred primarily for the purpose of trading,
- iii) it is due to be settled within twelve months after the reporting period, or
- iv) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current.

2. Basis of consolidation

The Consolidated Ind AS Financials Statements incorporate the financial statements of the Group and entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.



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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;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder's meetings.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit and Loss from the date of the group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control, over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of an investment in an associate or a joint venture.

3. Property, plant and equipment

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

Depreciation Method, Estimated Useful Lives and Residual Values

Depreciation is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives in accordance with Schedule II to the Act except in respect of the following categories of the assets, in whose case the life of the assets has been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc.

Category of assets	Useful life
Furniture and fixtures	5 years
Vehicles	5 years

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

The useful lives, residual values and the method of depreciation of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss within 'Other Income'/'Other Expenses'. Advances paid towards the 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'.

4. Intangible assets

Railway sidings constructed

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

Amortisation Method and Period

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

Software costs 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.

5. Research and Development

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

6. Impairment of non-financial assets

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

7. Leases

As A Lessee

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

8. Investment in subsidiaries

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

9. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair

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value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

(i) Classification

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

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

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

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

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value 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 expensed in profit or loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The 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.

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Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Dividend Recognition

Dividend is recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

In determining the fair value of financial instruments, the Group uses a variety of methods and assumptions that are based on market conditions and risks 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 Group or the counterparty

11. Trade Receivables

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

12. Employee Benefits

A. Short-term Employee Benefits

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

B. Post-employment Benefits

i) Defined Benefit Plans

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

ii) Defined Contribution Plans

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

C. Other Long-term Employee Benefits

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

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

13. Income Tax

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

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

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.

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

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

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

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

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

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

14. Inventories

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

15. Provisions and Contingencies

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

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

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

16. Revenue recognition

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

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

A. Sale of goods

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

B. Sale of Power

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

C. Other Operating Revenue

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

D. Interest Income

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

17. 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.

18. Borrowings costs

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

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

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

19. Earnings per Share

Basic Earnings per Share

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

Diluted Earnings per Share



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

20. Cash and cash equivalents

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

21. Trade Payables

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

22. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Managing Director of the Group. Refer Note 35 for segment information presented.

23. Rounding of amounts

All amounts disclosed in the 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.

24. 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 11 (B) (i) and (ii)

Post-employment benefits represents obligation that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit cost over the employee's approximate service period, based on the terms of plans and the investment and funding decisions made. The accounting requires the 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

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

C. Contingencies - Refer Note 14

Legal proceedings covering a range of matters are pending against the Group. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcomes. The cases and claims against the Group often raise difficult and complex factual and legal issues that are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction and the differences in applicable law,



in the normal course of business, the Group consults with legal counsel and certain other experts on matters related to litigations. The Group accrues a liability when it is determined that an adverse outcome is probable and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible or an estimate is not determinable, the matter is disclosed.

D. Deferred Taxes Refer Note - Refer Note 12

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

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

03 Property, plant and equipment and capital work-in-progress

Carrying amounts of:

Freehold land
Freehold buildings
Plant and equipment
Furniture and fixtures
Office equipment
Vehicles
Sub-total

Capital work-in-progress
Total

	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
	564.08	229.42
	2,510.14	2,523.48
	11,343.05	12,131.58
	12.85	11.49
	142.63	111.49
	93.75	72.26
	14,666.50	15,079.72
	582.19	563.48
	582.19	563.48

	Rs. in lacs						
	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost/deemed cost							
Balance as at 1 April, 2016	229.42	2,766.13	12,940.98	18.36	87.37	90.20	16,132.46
Additions during the year	-	251.14	41.49	0.03	65.77	30.26	388.69
Assets disposed / written off during the year	-	-	2.49	0.07	0.19	20.15	22.89
Balance as at 31 March, 2017	229.42	3,017.27	12,979.98	18.32	152.96	100.31	16,498.26
Additions during the year	334.66	157.57	19.41	12.87	82.82	46.82	654.15
Assets disposed / written off during the year	-	-	51.18	0.38	10.54	9.99	72.09
Balance as at 31 March, 2018	564.08	3,174.84	12,948.21	30.81	225.24	137.14	17,080.32

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

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

Note :

- 1 All the above property, plant and equipment are owned by the Company.
- 2 Refer Note 37 for information on property, plant and equipment hypothecated as collateral security by the Company.

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

04 Other intangible assets

	As at 31 March, 2018	Rs. In lacs As at 31 March, 2017
Carrying amounts of:		
Software costs acquired	9.56	-
Railway sidings Constructed	223.47	390.95
Total intangible assets	233.03	390.95

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

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

	Rs. in lacs		
	Software costs acquired	Railway sidings constructed	Total intangible assets
Carrying amount			
Balance as at 31 March, 2017	-	390.95	390.95
Balance as at 31 March, 2018	9.56	223.47	233.03

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

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

05	Investments	As at 31 March, 2018		As at 31 March, 2017	
		Quantity	Amount (Rs. in lacs)	Quantity	Amount (Rs. in lacs)
	Investment in Body Corporate @				
	Jampol Limited	800,000	80.00	800,000	80.00
	Investments in Mutual fund #				
1	IDFC Corporate bond Direct plan -Growth	16,950,014	2,028.97	-	-
2	Reliance Floating Rate Fund -Short Term Plan (Direct Growth Plan)	7,220,347	2,029.42	-	-
3	Reliance Short Term Fund - (Direct Growth Plan)	9,004,856	3,033.29	-	-
			<u>7,091.68</u>		<u>-</u>
	Total Non - current Investments		<u>7,171.68</u>		<u>80.00</u>
	Current Investments				
	Investment in liquid mutual funds #				
1	TATA Money Market Fund - Plan A - Daily Dividend Reinvestment	383,789.97	3,843.72	323,800.14	3,240.91
2	HDFC Liquid Fund- Regular Plan - Daily Dividend Reinvestment	652.29	6.65	297,600.51	3,034.99
3	IDFC Cash Fund - Regular Plan - Daily Dividend Reinvestment	57,463.19	675.58	363,308.59	3,637.02
4	Reliance Liquid Fund - Treasury Plan - Daily Dividend Reinvestment	279,353.04	4,272.99	305,472.98	4,669.88
5	SBI Premier Liquid Fund - Regular Plan -Daily Dividend Reinvestment	-	-	49,943.31	501.06
6	Axis Liquid - Regular plan - Daily Dividend Reinvestment	116,735.37	1,168.47	376,475.16	3,767.16
7	ICICI Prudential Liquid - Regular plan- Daily Dividend Reinvestment	768,035.04	769.17	2,482,909.11	2,485.37
8	BSL Cash Plus - Daily Dividend Reinvestment	1,222,204.88	1,225.54	3,189,383.37	3,195.61
9	Sundaram Money Fund Regular -Daily Dividend Reinvestment	5,696,836.56	575.11	-	-
10	DSP Blackrock Liquidity Fund-Inst-Daily Dividend Reinvestment	36,325.40	363.60	172,194.08	1,723.33
	Total current investments		<u>12,800.83</u>		<u>26,255.33</u>
	Aggregate amount of Unquoted Investments		<u>19,972.51</u>		<u>26,335.33</u>
	# Investments carried at Fair value through Profit and Loss		19,892.51		26,255.33
	@ Investments carried at Fair value through Other Comprehensive Income		80.00		80.00
	[also refer Note 28(c)]				

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

06	Loans	As at 31 March, 2018		As at 31 March, 2017	
		Non-current	Current	Non-current	Current
	Loan to Employees	10.83	8.22	15.25	8.85
	Security Deposits				
	Considered good	4.46	243.98	4.46	271.06
	Considered doubtful	-	22.57	-	22.57
	Less: Provision for doubtful deposits	-	(22.57)	-	(22.57)
		<u>15.29</u>	<u>262.20</u>	<u>19.71</u>	<u>279.91</u>

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

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

08 Other assets

	As at 31 March, 2018		As at 31 March, 2017	
	Non-current	Current	Non-current	Current
	Rs. in lacs			
(a) Capital advances	16,824.26	-	16,824.26	-
(b) Advances to related parties [Refer Note 33]	-	60.98	-	20.00
(c) Other loans and advances				
(i) Advances with public bodies	608.71	946.47	608.71	149.86
(ii) Other advances and prepayments	19.29	630.42	11.66	564.16
(iii) Prepaid lease payments				
- Prepaid lease payments cost	42.42	0.47	42.42	0.47
Less: Prepaid lease payments amortisation	(16.09)	-	(15.62)	-
	17,478.59	1,628.34	17,471.43	734.49

09 Inventories

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

Note:

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

10 Trade receivables

	As at	
	31 March, 2018	31 March, 2017
Rs. in lacs		
Current		
a) Unsecured, considered good	5,880.50	3,576.67
Total trade receivables	5,880.50	3,576.67
Trade receivables	5,261.50	3,089.90
Receivables from related parties (Refer Note 33)	629.00	486.77
	5,880.50	3,576.67

Note:

- a) Refer Note 28 for information about credit risk and market risk on receivables.
b) Refer Note 37 for information on Trade Receivable hypothecated as security by the Company

11 (i) Cash and cash equivalents

	As at	
	31 March, 2018	31 March, 2017
Rs. in lacs		
(a) Balances with scheduled banks		
(1) In current accounts	3,539.91	231.38
(2) In demand deposit accounts	7,711.28	30,235.31
(b) Cash on hand	0.69	1.39
Total Cash and cash equivalents as per Statement of Cash Flows	11,261.88	30,468.08

(ii) Other Bank balances

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

(iii) Disclosure of specified bank Notes (SBNs)

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

Particulars	SBNs* (Rs.)	Other denomination Notes (Rs.)	Total (Rs.)
Closing cash in hand as on 8 November, 2016	122,500.00	37,607.50	160,107.50
Add: Permitted receipts	-	671,872.00	671,872.00
Less: Permitted payments	-	(527,434.50)	(527,434.50)
Less: Amount deposited in Banks	(122,500.00)	-	(122,500.00)
Closing cash in hand as on 30 December, 2016	-	182,045.00	182,045.00

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

(iv) There are no repatriation restrictions with regard to Cash and Cash Equivalents as at the year end of the current reporting period and prior period

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
12 Equity share capital		
(a) Authorised Share Capital:		
25,000,000 fully paid equity shares of Rs. 10 each	2,500.00	2,500.00
(As at 31 March, 2017: 25,000,000 fully paid equity shares of Rs. 10 each)	<u>2,500.00</u>	<u>2,500.00</u>
(b) Issued, subscribed and fully paid up :		
15,400,000 equity shares of Rs. 10 each	1,540.00	1,540.00
(As at 31 March, 2017: 15,400,000 fully paid equity shares of Rs. 10 each)	<u>1,540.00</u>	<u>1,540.00</u>
(c) Fully paid equity shares		
	No. of equity shares	Amount Rs. in lacs
As at 1 April, 2016 (15,400,000 equity shares of Rs. 10 each)	15,400,000	1,540.00
Changes in equity share capital during the year As at 31 March, 2017	-	-
	<u>15,400,000</u>	<u>1,540.00</u>
Changes in equity share capital during the year As at 31 March, 2018 (15,400,000 equity shares of Rs. 10 each)	-	-
	<u>15,400,000</u>	<u>1,540.00</u>
(d) Shares held by holding Company		
	As at 31 March, 2018	As at 31 March, 2017
	No. of equity shares	No. of equity shares
	%	%
Fully paid equity shares		
Tata Steel Limited (Holding Company)	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
(e) Details of shareholders holding more than 5% of outstanding shares		
	As at 31 March, 2018	As at 31 March, 2017
	No. of equity shares	No. of equity shares
	%	%
Fully paid equity shares		
Tata Steel Limited (Holding Company)	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
	8,393,554	54.50%
	<u>8,393,554</u>	<u>54.50%</u>
(f) Rights, preferences and restrictions attached to shares		
The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
13 Other equity	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
General reserves	77,000.00	77,000.00
Retained earnings	20,243.59	8,194.50
Other items of other comprehensive income	(130.99)	(242.24)
Total	<u>97,112.60</u>	<u>84,952.26</u>

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

Rs. in lacs

Particulars	Reserves and surplus		Items of other comprehensive income	Total
	General reserves	Retained earnings	Other items of other comprehensive	
Balance as at 1 April, 2016	77,000.00	4,170.97	(106.09)	81,064.88
Profit for the year	-	5,877.04	-	5,877.04
Remeasurement gains / (losses) on defined benefit plans	-	-	(208.21)	(208.21)
Tax impact on other comprehensive income (OCI)	-	-	72.06	72.06
Dividend paid during the year	-	(1,540.00)	-	(1,540.00)
Tax on dividend	-	(313.51)	-	(313.51)
Balance as at 31 March, 2017	77,000.00	8,194.50	(242.24)	84,952.26
Profit for the period	-	14,087.95	-	14,087.95
Remeasurement gains / (losses) on defined benefit plans	-	-	170.13	170.13
Tax impact on other comprehensive income (OCI)	-	-	(58.88)	(58.88)
Dividend paid during the year	-	(1,694.00)	-	(1,694.00)
Tax on dividend	-	(344.86)	-	(344.86)
Balance as at 31 March, 2018	77,000.00	20,243.59	(130.99)	97,112.60

Rs. in lacs

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

15 Deferred tax liabilities (net)

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

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

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

Note :

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

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
16 Trade payables		
Current		
(i) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	176.10	16.35
(ii) Total outstanding dues of trade payables other than micro enterprises and small enterprises		
(a) Trade payables for supplies and services	5,323.32	4,271.74
(b) Others		
- Trade payables for accrued wages and salaries	1,192.61	965.52
Total Trade Payables	6,692.03	5,253.61
Trade payable	4,487.94	3,279.05
Trade payable to related parties	2,204.09	1,974.56
Total Trade Payables	6,692.03	5,253.61

Note:

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

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

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

Refer Note 28 for information about credit risk and market risk on Trade payables.

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

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

	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
19 Current tax liabilities (Net)		
Provision for tax (net of advance tax)	5,390.33	3,234.86
Total current tax liabilities	5,390.33	3,234.86

	As at 31 March, 2018	Rs. in lacs As at 31 March, 2017
19 A Non current tax assets		
Advance tax and Tax Deducted at Sources (net of provision)	2,812.63	2,812.63
Total non current tax assets	2,812.63	2,812.63

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TATA SPONGE IRON LIMITED
Notes to the Consolidated Financial Statements

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
20 Revenue from operations		
(a) Sale of sponge iron (including excise duty Rs.1,647.81 lacs up to 30 June' 2017 Rs. 5,785.30 lacs for the year ended 31 March' 2017)	75,516.55	56,344.27
(b) Sale of power	5,541.36	5,003.08
(c) Other operating revenue -Sale of iron ore fines, coal fines, char and paving etc.	606.63	168.72
Gross revenue from operations	81,664.54	61,516.07
21 Other income		
(a) Interest income earned on financial assets that are not designated at fair value through Profit or Loss		
(i) Bank deposits (at amortised cost)	2,398.13	1,877.04
(ii) Other financial assets carried at amortised cost	364.42	291.12
(b) Dividend income		
(i) From equity investments	74.48	70.00
(ii) From Investment in Mutual fund (current)	1,126.62	1,295.77
(iii) Changes in fair value of financial assets at fair value through Profit & Loss (current)	4.48	-
(iv) Changes in fair value of financial assets at fair value through Profit & Loss (Non - current)	91.68	-
(c) Liabilities no longer required written back	0.29	27.39
(d) Net gain on sale of current investments	-	3.81
(e) Net gain on foreign currency transactions	32.11	9.34
(f) Other non-operating income	214.15	132.82
Total other income	4,306.36	3,707.29

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

	Rs. in lacs	
22 Cost of materials consumed	Year ended 31 March, 2018	Year ended 31 March, 2017
Opening stock	3,854.26	1,835.48
Add: Purchases of materials	53,062.08	38,987.04
	<u>56,916.34</u>	<u>40,822.52</u>
Less: Closing stock	6,856.03	3,854.26
Total cost of materials consumed	<u>50,058.31</u>	<u>36,968.26</u>

Cost of materials consumed comprises

(a) Iron ore	17,724.81	14,492.13
(b) Coal	31,866.75	22,170.13
(c) Dolomite	466.75	306.00
Total cost of materials consumed	<u>50,058.31</u>	<u>36,968.26</u>

23 Changes in inventories of finished goods

	Rs. in lacs	
23 Changes in inventories of finished goods	Year ended 31 March, 2018	Year ended 31 March, 2017
Finished goods		
Opening stock	218.11	543.02
Less: Closing stock	691.58	218.11
Net (Increase) / decrease in finished goods	<u>(473.47)</u>	<u>324.91</u>

24 Employee benefits expense

	Rs. in lacs	
24 Employee benefits expense	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Salaries and wages	3,425.09	3,929.29
(b) Contribution to provident and other funds (see Note 34)	398.52	386.07
(c) Staff welfare expenses	356.83	315.61
Total employee benefits expense	<u>4,180.44</u>	<u>4,630.97</u>

25 Finance costs

	Rs. in lacs	
25 Finance costs	Year ended 31 March, 2018	Year ended 31 March, 2017
Interest expenses		
Interest on statutory dues	324.67	244.40
Total finance costs	<u>324.67</u>	<u>244.40</u>



TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
26 Depreciation and amortisation expense		
(a) Depreciation of property, plant and equipment (Refer Note 03)	1,062.67	1,108.83
(b) Amortisation of intangible assets (Refer Note 04)	167.61	167.48
Total depreciation and amortisation expenses	1,230.28	1,276.31

27 Other expenses

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
(a) Consumption of stores and spare parts	1,032.29	990.45
(b) Fuel oil consumed	111.78	88.42
(c) Purchase of power	10.01	15.88
(d) Rent	79.29	76.49
(e) Repairs to buildings	378.67	400.78
(f) Repairs to machinery	1,365.32	1,695.77
(g) Insurance	70.09	29.36
(h) Rates and taxes	996.79	526.54
(i) Freight and handling charges	698.56	670.68
(j) Commission, discounts and rebates	42.10	44.11
(k) Packing and forwarding	488.09	487.28
(l) Excise duty on change in finished goods	(35.55)	(29.49)
(m) Other expenses		
(1) Legal and professional costs	660.66	660.01
(2) Advertisement, promotion and selling expenses	33.18	40.33
(3) Travelling expenses	136.93	123.80
(4) Loss on disposal of property plant and equipment	3.49	6.96
(5) Corporate social responsibility expenses	180.46	219.21
(6) Other general expenses (*)	1,730.13	1,616.35
Total other expenses	7,982.29	7,642.93

(*) Includes R & D expenses amounting to Rs. 11.40 lacs (31 March 2017 Rs.11.51 lacs) paid to Indian Institute of Technology , Bhubaneswar

27.1 Payments to auditors

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
(1) Auditors remuneration and out-of-pocket expenses		
(i) As auditors - statutory audit	11.04	12.30
(i) As auditors - quarterly audits	7.60	11.61
(ii) As auditors - tax audit	2.02	2.02
(ii) For other services	-	5.09
(iii) Auditors out-of-pocket expenses	7.39	2.57
	28.05	33.59

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

27.1A Income tax recognised in Statement of Profit and Loss

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
Current tax		
On profit for current year	7,099.00	2,669.00
	<u>7,099.00</u>	<u>2,669.00</u>
Deferred tax (Refer Note 15)		
In respect of the current year	(166.38)	(195.76)
	<u>(166.38)</u>	<u>(195.76)</u>
Total tax expense (Refer reconciliation below)	<u>6,932.62</u>	<u>2,473.24</u>

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

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
Profit before tax	21,020.57	8,350.28
Income tax expense calculated at enacted Income tax rate of 34.608% (2016-17 : 34.608%)	7,274.80	2,889.86
Effect of income that is exempt from taxation	(448.96)	(471.88)
Effect of expenses that are not deductible in determining taxable profit	106.67	54.83
Others	0.11	0.43
Income tax expense recognised in Statement of Profit and Loss	<u>6,932.62</u>	<u>2,473.24</u>

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TATA SPONGE IRON LIMITED
Notes to the Consolidated Financial Statements

28 (a) Financial Risk Management:

The Group's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Group, derivative financial instruments viz. foreign exchange forward contracts are entered where 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 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

None of the Group's cash equivalents with banks, loans and investments as at 31 March, 2018 and 31 March, 2017 were past due or impaired. Total trade receivables, of Rs.5,880.50 lacs as at 31 March, 2018 and Rs. 3,576.67 lacs as at 31 March, 2017 consisted of customer balances that were neither past due nor impaired.

(ii) Liquidity risk management:

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and maintain adequate source of financing. The Group generates sufficient cash flows from current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as long-term.

(a) Financing Arrangements

The Group has unutilised fund based arrangement with banks for Rs. 11,000.00 lacs (31 March, 2017: Rs. 11,000.00 lacs). The Group has also Non-Fund based facilities with banks for Rs.21,315.00 lacs (31 March, 2017: Rs. 31,315.00 lacs) which may be utilised at any time and the banks have a right to terminate the same without notice.

(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	More than 1
	year	year	year
	Rs. in lacs	Rs. in lacs	Rs. in lacs
As at 31 March, 2018			
Trade payables	6,692.03	-	-
Other financial liabilities - current	422.78	-	-
As at 31 March, 2017			
Trade payables	5,253.61	-	-
Other financial liabilities - current	335.01	-	-

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TATA SPONGE IRON LIMITED
Notes to the Consolidated Financial Statements

(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.

(a) Foreign Currency Risk Exposure

The Group does not have any exposure to foreign currency risk at the end of the reporting period.

(b) Sensitivity

The sensitivity of profit or loss and equity to changes in the foreign exchange rates arises mainly from foreign currency denominated financial instruments.

(iv) Securities Price risk:

The Group is exposed to price risks arising from fair valuation of Group's investment in mutual funds. The carrying amount of the Group's investments designated as at fair value through profit or loss at the end of the reporting period (Refer Note no 5)

	Rs. in lacs	
	Year ended 31 March, 2018	Year ended 31 March, 2017
NAV -Increase by 1%*	198.93	262.55
NAV -Decrease by 1%*	(198.93)	(262.55)

* Holding all other variables constant

(v) Commodity Price Risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchase of imported coal for production of finished goods. Cost of raw materials forms the largest portion of the Group's cost of sales. Market forces generally determine prices for the coal purchased by the Group. These prices may be influenced by factors such as supply and demand, production costs and global and regional economic conditions and growth. Adverse changes in any of these factors may impact the results of the Group.

Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Group has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

(b) Capital Management:

(i) Risk Management

The objective of the Group's capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through operating cash flows generated and the Group does not have any borrowings. The Group is not subject to any externally imposed capital requirements.

(ii) Dividends on Equity Shares

	Year ended 31 March, 2018	Year ended 31 March, 2017
Dividend Declared and Paid during the year		
Final dividend for the year ended 31 March, 2017 of Rs. 11 (31 March, 2016 – Rs. 10) per fully paid share (Rs. Per Share)	11.00	10.00
Dividend Distribution Tax on above 31 March, 2017 of Rs. 2.24 (31 March, 2016 – Rs. 2.04) per fully paid share (Rs. Per Share)	2.24	2.04
Proposed Dividend Not Recognised at the End of the Reporting Period		
In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Rs. 20 per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	20.00	
Dividend Distribution Tax on above (Rs. Per Share)	4.11	

(c) Financial Instruments by Category

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2018 is as follows:

	Rs. in lacs			
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investments in Mutual fund	19,892.50	-	-	19,892.50
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	5,880.50	5,880.50
Cash and cash equivalents	-	-	11,251.88	11,251.88
Other Bank balances	-	-	30,911.33	30,911.33
Other financial assets - non-current	-	-	6,412.84	6,412.84
Other financial assets - current	-	-	929.29	929.29
Total	19,892.50	80.00	55,385.84	75,358.34
Liabilities:				
Trade payables	-	-	6,692.03	6,692.03
Other financial liabilities - current	-	-	422.78	422.78
Total	-	-	7,114.81	7,114.81



TATA SPONGE IRON LIMITED
Notes to the Consolidated Financial Statements

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2017 is as follows:

			Amortised cost	Total carrying value
	Fair value through profit or loss	Fair value through other comprehensive income		Rs. in lacs
Assets:				
Investments in Mutual fund	26,255.33	-	-	26,255.33
Investment in Body Corporate	-	80.00	-	80.00
Trade receivables	-	-	3,576.67	3,576.67
Cash and cash equivalents	-	-	30,468.08	30,468.08
Other Bank balances	-	-	207.57	207.57
Other financial assets - non-current	-	-	1,020.11	1,020.11
Other financial assets - current	-	-	721.17	721.17
Total	26,255.33	80.00	35,993.60	62,328.93
Liabilities:				
Trade payables	-	-	5,253.61	5,253.61
Other financial liabilities - current	-	-	335.01	335.01
Total	-	-	5,588.62	5,588.62

Fair value measurement:

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March, 2017.

(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.

Particulars	As at 31 March, 2018	Fair value measurement at end of the reporting year using			Valuation techniques
		(Rs. in lacs)			
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	19,892.50	19,892.50	-	-	Based on the declared NAV. Shares in the investee company is unlisted and there are certain restrictions on disinvestment of such shares by the Company as this is a strategic investment. Further, there is a wide range of possible fair value measurements and the management on a prudent basis has considered to keep the investment at cost as the best representation of fair
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	
Total financial assets	19,972.50	19,892.50	-	80.00	

Particulars	As at 31 March, 2017	Fair value measurement at end of the reporting year using			Valuation techniques
		(Rs. in lacs)			
		Level 1	Level 2	Level 3	
Financial assets					
Investment in mutual funds	26,255.33	26,255.33	-	-	Same as above
Investment in equity instruments at FVTOCI (Unquoted)	80.00	-	-	80.00	
Total financial assets	26,335.33	26,255.33	-	80.00	

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29 Earnings per share

	Year ended 31 March, 2018	Year ended 31 March, 2017
Net profit for the year (Rs. in lacs)	14,087.95	5,877.04
Weighted average number of equity shares outstanding during the year (Nos.)	15,400,000	15,400,000
Nominal value per equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	91.48	38.16

Note: The Group did not have any potentially dilutive securities in any of the period presented.

30 Contingent liabilities

	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
(a) Claims against the Group not acknowledged as debts;		
(a) Income tax	159.28	154.04
(b) Odisha entry tax	2,579.93	2,579.93
(c) Customs duty (Refer Note below)	3,818.44	3,818.44
(d) Demand from Ministry of Coal against Radhikapur coal block [Refer Note 31]	3,250.00	3,250.00
(e) Demand from suppliers	152.13	152.13
	9,959.78	9,954.54

Note:

The above includes demand received from Commissioner of Customs (Preventive) aggregating to Rs. 4,398.99 lacs pertaining to the financial year 2012-13 on account of levy of additional customs duty on classification of the imported coal as bituminous coal as against 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.

	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
(b) Other money for which the Group is contingently liable		
(i) Renewable energy purchase obligation	632.89	632.89
(ii) Excise Duty	2,472.85	2,349.66
	3,105.74	2,982.55

In respect of above, it is not practicable for the Group to estimate the timings of cash outflows, if any, pending resolution of the respective 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 Group Tata Steel Limited beyond the period of invocation of section 11 of Electricity Act, 2003 by the Government of Odisha i.e., June, 2012. As a result of which the Group could not meet the minimum stipulated criteria of 51% self-consumption of generated power as a captive power plant and the provisions of Cross Subsidy Surcharge under Electricity Act, 2003 became applicable. The Group filed a case before the Odisha Electricity Regulatory Commission ("OERC") for relief which was granted and consequently the Group has filed a case before Appellate Tribunal of Electricity ("ATE"), which is pending for adjudication. As a matter of prudence, an amount of Rs. 601.00 lacs had been provided in the year ended 31 March, 2015.
- (d) The Group had filed a writ petition before the High Court of Orissa for sales tax exemption for a period of two years w.e.f. June 10, 1997 as a Pioneer Unit. The High Court initially ruled that the Group should pay the sales tax under dispute pending disposal of the writ petition. Accordingly, the Group paid sales tax, which had not been collected from customers, and amounts aggregating to Rs. 573.73 lacs had been charged to the Statement of Profit and Loss during the years 1997-98 to 1999-2000.

The High Court directed the Sales Tax Authorities to refund the amount after ascertaining that the said refund shall not unjustly enrich the Group. The Sales Tax Officer passed the order stating that the refund shall unjustly enrich the Group against which the Group has filed a writ petition in the High Court challenging the correctness of the assessment and the same is pending. Pending finalisation of the matter no adjustments have been made in the financial statements.

As per Industrial Policy Resolution 1992 of Government of Odisha, the Group has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The Group had paid the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the Group considered that the above limit of Rs. 252.56 lacs had to correspondingly reduce and accordingly made reduced payment. The Group however had provided the differential amount of Rs. 513.83 lacs upto the date of availing the benefit i.e., upto 31 March, 2012. The Group had started collecting sales tax on sale of sponge iron produced in those kilns w.e.f. 1 April, 2012 and depositing the same with Sales Tax Authorities after availing set off of applicable input tax credit.

- 31 (a) In the month of November 2012, Ministry of Coal ("MoC") issued notices to the Group for invocation of bank guarantee of Rs. 3,250 lacs submitted towards performance of conditions for allocation of coal block against which the Group had filed a writ petition in the Hon'ble High Court of Delhi, which directed the Group to keep the bank guarantee valid till 30 November, 2015 by which date the MoC was directed to take decision. Meanwhile, the bank guarantee expired and had not been renewed, since no communication had been received from MoC. Subsequently, MoC issued a notice dated 28 December, 2015, stating that the bank guarantee be invoked and the aforesaid amount be deposited. Consequent to MoC's notice, the Group has moved to the Hon'ble High Court of Delhi, where the matter is pending adjudication. The Group has been advised and has obtained a legal opinion that as the original allocation has been declared illegal and cancelled by the Hon'ble Supreme Court, the bank guarantee pertaining to such allocation (which is non-est and void ab initio) shall consequently be deemed to be invalid and void ab initio. Pending finalisation of the matter, the amount continues to be disclosed as a contingent liability.
- (b) (i) During pendency of the aforesaid matters in Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India vide its order dated 24 September, 2014 has cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Group on 7 February, 2006. The amount incurred on the Radhikapur (East) Coal Block upto 31 March, 2018 aggregates to Rs. 18,040.96 lacs (31 March, 2017: Rs. 18,040.96 lacs).
- (ii) Pursuant to the judgment of Hon'ble Supreme Court of India, the Government of India has promulgated Coal Mines (Special Provision) Rules, 2014 ("Rules") for allocation of the coal mines through auction and matters related thereto. In terms of the said Rules, the successful bidder will be called upon to pay to the prior allottee the expenses incurred by the prior allottee towards land and mine infrastructure. Pursuant to the judgement dated 9 March, 2017 of the Hon'ble High Court of Delhi in W.P (c) 973/2015, the nominated Authority MoC vide its letter dated 1 February, 2018, the Group has furnished the required statement of expenses and other details in the prescribed format on 22 February, 2018. Relying on the legal position and legal opinion obtained by the Group in respect of the recoverability of the amount, no provision is considered necessary.

- 32 Estimated amounts of contracts remaining to be executed on capital account and not provided for: Rs. 156.95 lacs (As at 31 March, 2017: Rs. 152.49 lacs) Net of advances Rs. 0.31 lacs (As at 31 March, 2017: Rs. 19.06 lacs)

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TATA SPONGE IRON LIMITED
Notes to the Consolidated Financial Statements

33. Related party transaction

(A) Related Parties

Name of Related Party	Relationship
Where Control exists:	
Tata Sons Limited	Company having significant Influence - Ultimate Controlling Party (UCP)
Tata Steel Limited	Holding Company

Others with whom transactions have taken place during the year	
The Tinplate Company of India Limited	Fellow Subsidiary
Tata Pigments Limited	
The Indian Steel and Wire Products Limited	
Tata Metaliks Limited	
TM International Logistics Limited	Joint venture with TATA Steel Limited
Mjunction Services Limited	
Jampol Limited	
Tata Bluescope Steel Limited	
Tata International Limited	Subsidiary of TATA Sons Limited
Tata International Singapore PTE Limited	
TC Travel & Services Limited	Associate of TATA Steel Limited
TRL Krosaki Refractories Limited	
Mr. Sanjay Kumar Pattnaik (Executive director upto 31 October, 2016 Managing Director w.e.f. 1 November, 2016)	Key Manangement personnel - Executive Director (MD)
Mr. D P Deshpande (Managing Director upto 31.10.16)	Key Manangement personnel - Executive Director (MD)
Mr. D K Banerjee, Mr. P. C. Parakh, Mr. Manoj T. Thomas, Mr. Krishna S. Dutt, Mr. R. Ranganath, Mrs. Meena Lal	Key Manangement personnel -Non- Executive Director (NED)
Tata Sponge Iron Limited Employee Provident Fund Trust	Post Employment Benefit Plans (PEBP) as per Ind AS 24
Tata Sponge Iron Limited Superannuation	
Tata Sponge Iron Limited Gratuity Fund	

Rs. in lacs

(B) Particulars of transactions during the year

A	Particulars	Sale of goods		Purchase of goods		Dividend income		Dividend paid	
		Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
	Holding Company								
	Tata Steel Limited	311.77	35.84	18,006.49	14,252.45	-	-	923.29	839.36
	Total	311.77	35.84	18,006.49	14,252.45	-	-	923.29	839.36
	Fellow subsidiary								
	The Indian Steel and Wire Products Limited	-	-	3.13	5.49	-	-	-	-
	Tata Metaliks Limited	198.37	19.12	-	-	-	-	-	-
	Tata Pigments Limited	-	-	-	1.13	-	-	-	-
	Total	198.37	19.12	3.13	6.62	-	-	-	-
	Associate of Tata Steel								
	TRL Krosaki Refractories Limited	-	-	57.68	-	-	-	-	-
	Total	-	-	57.68	-	-	-	-	-
	Joint venture of Tata Steel								
	Jampol Limited	-	-	-	-	74.48	70.00	-	-
	Tata Bluescope Steel Limited	-	-	56.67	-	-	-	-	-
	Total	-	-	56.67	-	74.48	-	-	-
	Subsidiary of Tata Sons Limited								
	Tata International Limited	8,605.84	4,234.12	2,227.43	2,148.44	-	-	-	-
	Tata International Singapore PTE Limited	-	-	20,239.97	12,788.41	-	-	-	-
	Total	8,605.84	4,234.12	22,467.40	14,936.85	-	-	-	-

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Particulars	Sale of power		Services received		Reimbursement of expenses	
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Company having significant influence						
Tata Sons Limited			214.55	159.15		
Total	-	-	214.55	159.15	-	-
Holding Company						
Tata Steel Limited	5,512.26	4,988.45	40.29	30.69	-	-
Total	5,512.26	4,988.45	40.29	30.69	-	-
Fellow subsidiary						
TM International Logistics Limited			713.22	689.64	619.90	605.46
The Tinplate Company of India Limited			0.03	0.03	-	-
Jamshedpur Utilities & Services Company Limited			-	0.04	-	-
Total	-	-	713.25	689.71	619.90	605.46
Joint Venture of Tata Steel						
Mjunction Services Limited			2.36	-	-	-
Total	-	-	2.36	-	-	-
Subsidiary of Tata Sons Limited						
Tata International Limited			-	-	666.75	600.48
Tata International Singapore PTE Limited			-	-	208.90	6.94
TC Travel & Services Limited			33.68	25.10	34.77	28.99
Tata Consultancy Services Limited			-	35.69	-	-
Total	-	-	33.68	60.79	910.42	636.41

Compensation of key management personnel	Year ended 31 March, 2018	Year ended 31 March, 2017
MD		
Remuneration		
-Short term Employee Benefits	176.12	279.04
-Post Employment Benefits	25.65	149.12
Total	201.77	428.16
NED		
Sitting Fees		
Mr. A M Misra	2.3	2.5
Mr. D K Banerjee	2.85	3.2
Mr. Manoj T Thomas	2.7	2.9
Mr. P C Parakh	3.1	2.9
Dr. Omkar N Mohanty	3.3	3.1
Mr. Krishnava S Dutt	1.15	1.85
Commission		
Mr. A M Misra	7.83	7.71
Mr. D K Banerjee	5.65	5.82
Mr. P C Parakh	8.70	6.95
Mr. Manoj T Thomas	6.09	6.13
Dr. Omkar N Mohanty	6.52	5.11
Mr. Krishnava S Dutt	2.61	3.11
Total	52.8	51.28
(D) Contribution to PEBP - to be deleted		
Tata Sponge Iron Limited Employee Provident Fund Trust	193.68	194.83
Tata Sponge Iron Limited Superannuation Fund	107.69	108.17
Tata Sponge Iron Limited Gratuity Fund	97.14	83.06
Total	398.51	386.06

(E) Balances Outstanding

Particulars	Trade receivables		Trade payables		Advances		Investments	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
Company having significant influence								
Tata Sons Limited	-	-	189.21	135.77	-	-	-	-
Holding Company								
Tata Steel Limited	585.57	486.77	1,989.19	1,391.15	-	-	-	-
Fellow subsidiary								
TM International Logistics Limited	-	-	-	-	50.98	20.00	-	-
Tata Metaliks Limited	43.43	-	-	-	-	-	-	-
The Tinplate Company of India Limited	-	-	0.01	-	-	-	-	-
The Indian Steel and Wire Products Limited	-	-	0.83	1.06	-	-	-	-
Joint venture of Tata Steel	-	-	-	-	-	-	-	-
Tata Bluescope Steel Limited	-	-	23.16	-	-	-	80.00	80.00
Jampol Limited	-	-	-	-	-	-	-	-
Subsidiary of Tata Sons Limited								
Tata International Limited	-	-	-	411.37	-	-	-	-
TC Travel & Services Limited	-	-	1.69	2.64	-	-	-	-
Tata Consultancy Services Limited	-	-	-	32.57	-	-	-	-
Total	629.00	486.77	2,204.09	1,974.56	50.98	20.00	80.00	80.00

Particulars	As at March 31, 2018	As at March 31, 2017
MD		
Other Current Liabilities	6.23	5.14
NED		
Other Current Liabilities		
Mr. A M Misra	7.83	7.71
Mr. D K Banerjee	5.65	5.82
Mr. Manoj T Thomas	8.70	6.95
Mr. P C Parakh	6.09	6.13
Dr. Omkar N Mohanty	6.52	5.11
Mr. Krishnava S Dutt	2.61	3.11



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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

34 Employee benefits

(a) Superannuation

	Year ended 31 March, 2018	Rs. in lacs Year ended 31 March, 2017
Contribution to superannuation fund	107.69	108.17
	107.69	108.17

(b) Post Retirement Gratuity and Ex-MD Pension

Description of plan characteristics and associated risks

Gratuity liability arises on retirement, resignation, and death of an employee. The aforesaid liability is calculated on the basis of 15 days salary (i.e. last drawn salary plus dearness allowance) upto 30 years of service and beyond 30 years of service, the liability is calculated on the basis of one month salary for each completed year of service or part thereof in excess of 6 months. Vesting occurs upon completion of 5 years of service.

The present value of the defined benefit obligation and the related current service cost are measured using the Projected Unit Credit method with actuarial valuations being carried out at each balance sheet date.

The Scheme is funded by way of a separate irrevocable Trust and the 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.

- Interest risk** : A decrease in the Indian government bond yield rate (discount rate) will increase the plan liability.
- Salary risk** : The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

In respect of the plans in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March, 2018 by Mr. Ritabrata Sarkar, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The Board of Directors of the Group grants approval for provisions of special retirement benefits to Managing Directors. The retirement benefit includes indexed monthly pension which is reviewed in every three years and medical benefits. The benefits in short are called as ExMD pension and Post Retirement Medical Benefit (PRMB). Both the benefit schemes are available to the spouses of concern MDs.

The said benefits are not contractual obligation of the Group. The provisions of the above benefits can only be given after signing the agreement containing the non-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, 2018		Year ended 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
1 Reconciliation of opening and closing balances of obligation				
a. Opening defined benefit obligation	1,783.95	1,277.01	1,533.44	687.98
b. Current service cost	97.14	-	86.52	-
c. Interest cost	119.78	86.79	111.51	50.96
d. Remeasurement (gains)/losses				
(i) Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
(ii) Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
(iii) Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
e. Benefits paid	(145.58)	(74.42)	(189.34)	(60.74)
f. Past service costs	-	-	-	575.98
g. Acquisition cost	3.18	-	48.33	-
Closing defined benefit obligation	1,778.80	1,169.93	1,783.94	1,277.01
2 Movements in the fair value of the plan assets are as follows:				
a. Opening fair value of plan assets	1,783.94	-	1,578.17	-
b. Interest income	119.78	-	114.97	-
c. Remeasurement gains/(losses)				
(i) Return on plan assets (excluding amounts included in net interest expense)	(33.40)	-	9.38	-
d. Contributions from the employer	25.19	-	222.43	-
e. Benefits paid	(145.58)	-	(189.34)	-
f. Acquisition cost	3.18	-	48.33	-
Fair value of plan assets as at end of the year	1,753.11	-	1,783.94	-

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
3 Reconciliation of fair value of assets and obligations				
a. Fair value of plan assets as at end of the year	1,753.11	-	1,783.94	-
b. Present value of funded/unfunded defined benefit obligation as at the end of the year	1,778.80	1,169.93	1,783.94	1,277.01
c. Amount recognised in the balance sheet				
(i) Retirement benefit asset - Current	-	-	-	-
(ii) Retirement benefit asset - Non current	-	-	-	-
(iii) Retirement benefit liability - Current	25.69	70.23	-	68.94
(iv) Retirement benefit liability - Non current	-	1,099.70	-	1,208.07

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

	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
a. Service cost				
(i) Current service cost	97.14	-	86.52	-
(ii) Past service cost	-	-	-	575.98
b. Net interest expense	-	86.79	(3.46)	50.96
Components of defined benefit costs recognised in profit or loss	97.14	86.79	83.06	626.94
Remeasurement on the net defined benefit liability:				
c. The return on plan assets (excluding amounts included in net interest expense)	33.40	-	(9.38)	-
d. Actuarial gains and losses arising from changes in demographic assumption	6.41	-	-	67.41
e. Actuarial gains and losses arising from changes in financial assumption	(50.12)	(63.63)	73.09	-
f. Actuarial gains and losses arising from changes in experience adjustments	(35.96)	(55.82)	120.39	(44.58)
Defined benefit costs recorded in Other comprehensive income	(46.27)	(119.45)	184.10	22.83
Total of defined costs	50.87	(32.66)	267.16	649.77

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

5 The plan assets of the 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.

Category of Plan Assets:	In %	In %
Funded with LIC	100%	100%

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

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
a. Discount rate (per annum)	7.50%	7.50%	7.00%	7.00%
b. Expected rate of salary increase (per annum)	8.00%	6.00%	8.00%	6.00%
c. Estimated rate of return on plan asset (per annum)	7.50%	NA	9.10%	NA
d. Mortality rate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate	Indian Assured Lives Mortality (2006-08) modified ultimate	LIC (1996-98) Annuitants ultimate
e. Withdrawal rate				
- Ages from 20-25			5%	
- Ages from 25-30			3%	
- Ages from 30-35			2%	
- Ages from 35-50	1.00%	Refer Note below	1%	Refer Note below
- Ages from 50-55			2%	
- Ages from 55-58			3%	

Note

In respect of Ex - MD Pension, the effects of mortality and withdrawal have been factored by constructing a Multiple Decrement Table taking into account the above mortality table.

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

7 Duration

Weighted average duration of the defined benefit obligation (Active members)
Number of years

As at 31 March, 2018		As at 31 March, 2017	
Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
7	11	6	6

Maturity Profile of Defined Benefit Obligation

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity Amount (Rs. in Lacs)	Ex - MD Pension Amount (Rs. in Lacs)	Gratuity Amount (Rs. in Lacs)	Ex - MD Pension Amount (Rs. in Lacs)
Within 1 year	145.39	72.81	163.55	71.31
1-2 year	412.69	148.15	369.08	146.91
2-5 years	1163.23	378.64	1,202.11	402.01
Over 5 years	2383.62	1096.87	2,397.95	939.99

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

	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)	Gratuity Amount (Rs. in lacs)	Ex - MD Pension Amount (Rs. in lacs)
Present value of defined benefit obligation	1,778.80	1,169.93	1,783.94	1,277.01
Fair value of plan assets	1,753.11	-	1,783.94	-
Funded status	(25.69)	(1,169.93)	-	(1,277.01)
Expected contribution (best estimate) to funded plans in subsequent financial year	25.69	NA	163.55	NA

9 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

a) On post retirement gratuity plan

- If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs.104.19 lacs (increase by Rs. 92.58 lacs) [as at 31 March, 2017: decrease by Rs. 96.08 lacs (increase by Rs. 108.21lacs)].
- If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 102.96 lacs (decrease by Rs. 93.23 lacs) [as at 31 March, 2017: increase by Rs. 106.16 lacs (decrease by Rs. 96.13 lacs)].

b) On post retirement pension plan

- If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 135.73 lacs (increase by Rs. 113.35 lacs) [as at 31 March, 2017: decrease by Rs. 69.98 lacs (increase by Rs. 77.01 lacs)].
- If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by Rs. 136.78 lacs (decrease by Rs. 116.07 lacs) [as at 31 March, 2017: increase by Rs. 77.39 lacs (decrease by Rs. 70.92 lacs)].

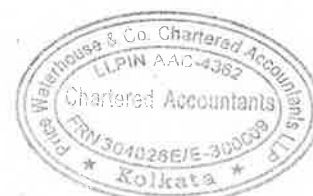
The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

C) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

Particulars	(Amount Rs. in lacs)				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	1,778.80	1,783.94	1,533.44	1,356.52	1,053.91
Fair value of plan assets	1,753.11	1,783.94	1,578.17	1,356.52	1,093.98
Funded status [Surplus / (Deficit)]	(25.69)	-	44.73	-	40.07
Experience gain / (loss) adjustments on plan liabilities	(79.67)	193.48	7.30	(62.91)	(29.12)
Experience gain / (loss) adjustments on plan assets	(33.40)	9.38	11.38	2.11	2.57

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

d) Experience on actuarial gain/(loss) for benefit obligations and plan assets:

(Amount Rs. in lacs)

Particulars	Ex-MD Pension				
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	1,169.93	1,277.01	687.98	519.93	462.80
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(1,169.93)	(1,277.01)	(687.98)	(519.93)	(462.80)
Experience gain / (loss) adjustments on plan liabilities	(119.44)	22.83	170.21	(6.67)	(8.16)
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

The Group ensures that the investment positions are managed within an asset liability matching (ALM) framework that has been developed to achieve long term investments that are in line with the obligations under the employee benefit plans. Within this framework, the Group's ALM objective is to match assets to the gratuity obligations by investing with LIC.

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

	Year ended 31 March, 2018	Year ended 31 March, 2017
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
PRMB		
1 Reconciliation of opening and closing balances of obligation		
a Opening defined benefit obligation	81.02	53.59
b Interest cost	5.48	4.02
c Remeasurement (gains)/losses		
(i) Actuarial gains and losses arising from changes in financial assumption	(3.01)	3.57
(ii) Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(2.29)
d Benefits paid	(5.51)	(3.42)
e Past service costs	-	25.55
Closing defined benefit obligation	76.56	81.02
	As at 31 March, 2018	As at 31 March, 2017
PRMB		
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
2 Reconciliation of fair value of assets and obligations		
a Fair value of plan assets as at end of the year	-	-
b Present value of obligation as at the end of the year	76.56	81.02
c Amount recognised in the balance sheet		
(i) Retirement benefit asset - current	-	-
(ii) Retirement benefit asset - non current	-	-
(iii) Retirement benefit liability - current	7.37	7.70
(iv) Retirement benefit liability - non current	69.19	73.32
3 Amounts recognised in the Statement of Profit and Loss in respect of these defined benefit plans are as follows:		
	As at 31 March, 2018	As at 31 March, 2017
PRMB		
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
a Service cost		
(i) Current service cost	-	-
(ii) Past service cost	-	-
b Net interest expense	5.48	4.18
Components of defined benefit costs recognised in profit or loss	5.48	4.18
Remeasurement on the net defined benefit liability:		
c Actuarial gains and losses arising from changes in financial assumption	(3.01)	-
d Actuarial gains and losses arising from changes in experience adjustments	(1.42)	(3.89)
Components of defined benefit costs recorded in other comprehensive income	(4.43)	(3.89)
Total	1.05	0.29

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TATA SPONGE IRON LIMITED

Notes to the Consolidated Financial Statements

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

	As at 31 March, 2018	As at 31 March, 2017
a. Discount rate (per annum)	7.50%	7.00%
b. Medical cost - % of annual entitlement utilised (per annum)	20.00%	20.00%
c. Mortality rate	LIC Annuitants (1996-98) Ultimate	LIC Annuitants (1996-98) Ultimate

5 Experience on actuarial gain/(loss) for benefit obligations and plan assets:

Particulars	(Amount Rs. in lacs)				
	Year ended 31.03.2018	Year ended 31.03.2017	PRMB		
	Year ended 31.03.2018	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015	Year ended 31.03.2014
Present value of DBO	76.56	81.02	53.59	54.64	50.86
Fair value of plan assets	-	-	-	-	-
Funded status [Surplus / (Deficit)]	(76.56)	(81.02)	(53.59)	(54.64)	(50.86)
Experience gain / (loss) adjustments on plan liabilities	4.43	(1.28)	3.89	3.87	4.25
Experience gain / (loss) adjustments on plan assets	-	-	-	-	-

6 The average duration of the defined benefit plan obligation representing average duration for active members is 8 years (As at 31 March, 2017: 6 years).

7 Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

On PRMB

- i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by Rs. 6.32 lacs (increase by Rs. 5.47 lacs) [as at 31 March, 2017: decrease by Rs. 3.21 lacs (increase by Rs. 3.46 lacs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Additional information relating to employee benefits obligation:

- The estimate of future salary increases take into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Government securities as at the Balance Sheet date for the estimated term of the obligations.
- Expected rate of return on plan assets is based on the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.
- Net liabilities for pension, gratuities and post retirement medical benefits is disclosed in Note 14 under the heading "Post-employment defined benefits".
- Expenses relating to pension and post retirement medical benefits are included in Employee benefits expense under the heading Salaries and Wages including Bonus in Note 24 whereas expenses for retiring gratuities are included under the Contribution to Provident and Other Funds in Note 24.

(d) Actuarial assumptions for compensated absences

Particulars	Refer Note below	As at	As at
		31 March, 2018	31 March, 2017
(i) Discount rate (per annum)	1	7.50%	7.00%
(ii) Salary escalation rate (per annum)	3	8.00%	8.00%

Notes:

- 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.
- The compensated absences plan is funded.
- The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

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TATA SPONGE IRON LIMITED**Notes to the Consolidated Financial Statements**

- (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 Misc. Provisions Act 1952 set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to Provident Fund Trust. If the Board of 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 193.66 lacs (31 March, 2017: Rs 194.84 lacs) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 24. Disclosures given hereunder are restricted to the information available as per the Actuary's Report.

	As at 31 March, 2018	As at 31 March, 2017
Discount rates	7.50%	7.00%
Expected yield on plan assets	8.75%	8.75%
Guaranteed Interest Rate	8.55%	8.60%

(f)

Risk Exposure

Though its defined benefit plans, the Group is exposed to some risks, the most 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.

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TATA SPONGE IRON LIMITED

Notes to the Condensed Consolidated Financial Statements

35 Segment reporting

- (a) The Group has identified business segment as the primary segment. The Group is engaged in production of sponge iron and generation of power from waste heat. Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on manufacture of sponge iron and generation of power, reportable segments for financial statements in accordance with Ind AS 108 "Operating Segment". The Group's activities/operations are primarily within India.
- (b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable. Assets and liabilities that cannot be allocated between the segments are shown as unallocable assets and liabilities respectively.

(c) **Segment Disclosures**

Particulars	Rs. in lacs	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Segment revenue		
Sponge Iron	76,123.17	56,512.98
Power	7,243.08	6,464.50
Less: Inter segment transaction	(1,701.71)	(1,461.41)
	81,664.54	61,516.07
Segment results		
Sponge Iron	12,468.48	804.98
Power	4,750.88	4,320.17
Unallocated income/(expenditure)	4,126.88	3,489.53
Profit Before Finance Cost and Tax	21,345.24	8,594.68
Less: Finance costs	324.67	244.40
Profit before tax	21,020.57	8,350.28
Less: Tax expenses	6,932.62	2,473.24
Profit after tax	14,087.95	5,877.04
Other comprehensive income	111.25	(136.15)
Total comprehensive income for the year	14,199.20	5,740.89

Segment assets and liabilities

Particulars	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
Segment assets		
Sponge Iron	44,672.29	38,309.91
Power	4,673.23	4,722.96
Unallocated	72,290.47	61,556.04
	121,436.99	104,588.91
Segment liabilities		
Sponge Iron	12,768.36	10,479.16
Power	711.24	678.85
Unallocated	9,303.79	6,938.64
	22,783.39	18,096.65

Name of customers who contributed 10% or more to the Group's revenue:

Name of customer	Year ended 31 March, 2018	Year ended 31 March, 2017
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
Sponge Iron		
K.D Iron & Steel Co.	7,898.63	6,454.49
Lhaki Steels & Rolling Private Limited	9,328.79	9,793.17
Sponge Sales India Pvt. Ltd	8,028.80	-
TATA International Ltd.	7,848.18	-
Power		
Tata Steel Limited	5,457.67	5,003.09
	38,562.07	21,250.75

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TATA SPONGE IRON LIMITED
Notes to the Condensed Consolidated Financial Statements

Particulars	Rs. in lacs	
	As at 31 March, 2018	As at 31 March, 2017
Additions to Non - Current assets		
Sponge Iron	682.55	28.91
Power	-	-
Unallocated	-	-
	682.55	28.91
Depreciation and amortisation		
Sponge Iron	989.34	1,031.10
Power	240.94	245.21
Unallocated	-	-
	1,230.28	1,276.31

36 Disclosure relating to provisions as per Ind AS 37- Provisions, contingent liabilities and contingent assets

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

- The Group has a present obligation as a result of past event
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation

Particulars	Rs. in lacs					
	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017	Year ended 31 March, 2018	Year ended 31 March, 2017
Carrying amount as at beginning of the year	2,512.77	2,723.99	601.00	601.00	1,589.31	1,587.00
Provision made during the year	25.98	240.78	-	-	298.60	2.31
Amount paid during the year	-	452.00	-	-	-	-
Unused amount reversed during the year	-	-	-	-	-	-
Carrying amount as at the end of the year	2,538.75	2,512.77	601.00	601.00	1,887.91	1,589.31
Nature of obligation	VAT, entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities		The above matters are under dispute with authorities		The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence	
Amount of any expected reimbursement, i.e., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil	Nil	Nil	Nil	Nil

37 Assets hypothecated as Security

The carrying amount of inventories and trade receivables (Note 09 and 10 respectively) are hypothecated as Primary security and Property, plant and equipment (Note 03) hypothecated as collateral security for working capital requirements.

38 OPERATING LEASES

The Group has cancellable operating lease agreements for office spaces and residential accommodations, the tenure of which generally vary from less than a year to 3 years. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rental expenses aggregating Rs. 79.29 lacs (31 March 2017: Rs. 76.49 lacs) have been debited to the Statement of Profit and Loss.

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TATA SPONGE IRON LIMITED

Notes to the Condensed Consolidated Financial Statements

39 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY:

- a. Gross amount required to be spent by the Group during the year 31 March, 2018 : Rs. 179.22 lacs (year ended 31 March, 2017 Rs. 218.70 lacs)
 b. Amount spent during the year ended 31 March, 2018 (figures in brackets represents amount for the previous year)

SI No. Particulars	Paid (A)	Yet to be Paid (B)	Rs. in lacs Total (A)+(B)
(i) Construction / acquisition of any asset	(-)	(-)	(-)
(ii) On purposes other than (i) above	125.36 (166.96)	55.10 (52.25)	180.46 (219.21)
Total	125.36 (166.96)	55.10 (52.25)	180.46 (219.21)

40 The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

41 Standards issued but not yet effective

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28 March 2018. The rules among other key amendments relate to Ind AS 12, Income Taxes, Ind AS 21, The Effects of Changes in Foreign Exchange Rates, Ind AS 28, Investments in Associates and Joint Ventures, Ind AS 40, Investment Property, and Ind AS 115, Revenue from Contracts with Customers. These rules come into force from 1 April 2018. The company is evaluating the effect of the same with respect to the changes in the GAAP.

42 Disclosure of additional information as 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	Amount Rs. In lacs	As % of consolidated net	Amount Rs. In lacs
1	2	3	4	5	6
TATA Sponge Iron Limited (Parent)	2017-18	99.88%	98,652.60	99.98%	14,087.95
TSIL Energy Limited (Subsidiary)	2017-18	0.12%	116.01	0.02%	2.23
Total		100.00%	98,768.61	100.00%	14,090.18

Name of entity	Year	Share in other comprehensive income		Share in total comprehensive income	
		As % of consolidated other comprehensive income/(Loss)	Amount Rs. In lacs	As % of consolidated total comprehensive income/(Loss)	Amount Rs. In lacs
1	2	3	4	5	6
TATA Sponge Iron Limited (Parent)	2017-18	100.00%	111.25	99.98%	14,199.20
TSIL Energy Limited (Subsidiary)	2017-18	-	-	0.02%	2.24
Total		100.00%	111.25	100.00%	14,201.44

43 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group, except a sum of Rs. 4.28 lacs, which is held in abeyance due to pending legal cases.

44 Details of Group's subsidiaries at the end of the reporting period are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the group	
			As at 31 March, 2018	As at 31 March, 2017
TSIL Energy Limited (Subsidiary)	Generation and sale of power *	India	100%	100%

* The Group was incorporated to primarily engage in generation and sale of power and is yet to carry out such activities.

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

For and on behalf of the Board of Directors



A M Misra
 Chairman

Sanjay Kumar Pattnaik
 Managing Director

Pinaki Chowdhury
 Partner
 Membership No. 057572

S K Mishra
 Chief Financial Officer

Sanjay Kasture
 Group Secretary

Place: Kolkata
 Date: 17 April, 2018

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