INDEPENDENT AUDITOR'S REPORT

To the Members of Tata Sponge Iron Limited

Report on the audit of the Standalone financial statements

Opinion

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

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its total comprehensive income (comprising of profit and other comprehensive income), its changes in equity and its cash flows for the year then ended.

Basis for opinion

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

Key audit matters

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

Key audit matter	**How our audit addressed the key audit matter**
(a) Recoverability of expenses incurred towards Radhikapur (East) Coal Block, Odisha; and (b) Appropriateness of disclosure of contingent liability in respect of performance guarantee for coal block allocation Refer Note 31 to the standalone financial statements on Radhikapur (East) Coal Block The Company has financial exposure aggregating to Rs. 17,905 lacs (reflected in the standalone financial statements as capital advances – Rs. 16,792 lacs, property, plant and equipment – Rs. 578 lacs, and capital work in progress – Rs. 535 lacs) incurred in earlier years, on the Radhikapur (East) Coal Block,	Our audit procedures included the following: (a) Evaluation of the design and testing of operating effectiveness of the controls implemented by the management to assess the recoverability of expenses incurred towards Radhikapur (East) Coal Block and related disclosures in the standalone financial statements. (b) Obtained an understanding for the basis of the management's judgement including discussion with the Company's in-house legal counsel.

Key audit matter	How our audit addressed the key audit matter
which was deallocated pursuant to the Order of the Hon'ble Supreme Court of India in 2014. Coal Mines (Special Provisions) Rules, 2014, promulgated pursuant to the aforesaid Order, prescribes that the successful bidder will be called upon to pay to the prior allocattee the expenses incurred by the prior allocattee towards land and mine infrastructure. The Company has submitted the statement of expenses and other details to the Nominated Authority of the Ministry of Coal ('MoC'). The above matter is pending as on the balance sheet date. The MoC issued notice for invocation of bank guarantee in November 2012 towards performance conditions for original allocation of the coal block amounting to Rs. 3,250 lacs, for which the Company filed a writ petition in Hon'ble High Court of Delhi. The bank guarantee had lapsed and not renewed after November 2015 as the Hon'ble High Court of Delhi had directed the Company to keep the bank guarantee live and MoC to take decision by that date, however, there was no communication from MoC by the said date. MoC again issued notice for invocation of bank guarantee / depositing amount in December 2015 for which the Company has again filed a writ petition before Hon'ble High Court of Delhi, which is pending adjudication. Pending finalisation of the matter, the amount has been disclosed as contingent liabilities. This was considered to be a key audit matter as significant judgements are involved regarding recoverability of the aforesaid amount incurred and possible obligation related to bank guarantee that is subject to decision / approvals of the regulatory authorities.	(c) Tested a sample of expenses incurred on the coal block. (d) Considered the legal opinion obtained by the management to understand the status and the management's assessment of the likely outcome of the on-going litigation. (e) Obtained evidence supporting the on-going discussions of the Company with the MoC/ Nominated Authority of MoC. Based on the above work performed, we found the management's judgement on assessment of recoverability of the related expenses incurred and the disclosure of the contingent liability in respect of performance guarantee for coal block allocation, to be reasonable.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the standalone and consolidated financial statements and our auditor's report thereon.

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

   - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

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

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

(f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

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

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019, except for amounts aggregating to Rs. 4.82 lacs, which according to information and explanations provided by the management is held in abeyance due to pending legal cases - Refer Note 43 to the standalone financial statements.

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

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

Kolkata
April 18, 2019

Pinaki Chowdhury
Membership Number 057572

Annexure A to Independent Auditors' Report

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Annexure A to Independent Auditors' Report

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 18, 2019

Annexure B to Independent Auditors' Report

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

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

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

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

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

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

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

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

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax (except for arrears of Rs. 513.83 lacs outstanding for a period of more than six months as on March 31, 2019), service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 34(g) to the standalone financial statements regarding management's assessment of certain matters relating to provident fund.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service tax, and goods and services tax as at March 31, 2019, which have not been deposited on account of any dispute. The particulars of dues of Income-tax, sales tax, duty of customs, duty of excise, value added tax as at March 31, 2019, which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	585.16	2014-15 2015-16	Commissioner of Income Tax (Appeals)
		276.36	2013-14	Income Tax Appellate Tribunal
Central Sales Tax Act, 1957	Central Sales Tax	66.71	2005-06	High Court of Orissa
		6.02	1987-88 1992-93 1993-94	Deputy Commissioner of Commercial Taxes
Orissa Sales Tax Act,1947	Sales Tax	2.45	1992-93 2000-01	Assistant Commissioner of Sales Tax
		6.10	1987-88 1989-90 1990-91 1988-89	Deputy Commissioner of Commercial Taxes
Customs Act, 1962	Customs Duty	3,311.05	2012-13	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	205.45	2011-12	Appeal to be filed with CESTAT
Orissa Value Added Tax Act, 2004	Value Added Tax	7.14	2005-06	Commissioner of Commercial Taxes
		129.89	2006-07	Additional Commissioner of Commercial Taxes

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

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

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

xi. As mentioned in note 33(E) to the standalone financial statements, the managerial remuneration paid / provided in the standalone financial statements aggregating to Rs. 133.49 lacs is subject to approval / ratification by shareholders in the ensuing annual general meeting. Once approved / ratified by the shareholders, the managerial remuneration would be in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

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

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

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

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

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

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

Pinaki Chowdhury
Partner
Membership No.: 057572

Kolkata
April 18, 2019

TATA SPONGE IRON LIMITED
Standalone Balance Sheet as at 31 March, 2019

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

Notes forming an integral part of the standalone financial statements **1 to 44**

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

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

For and on behalf of the Board of Directors

Pinaki Chowdhury
Partner
Membership No. 057572

T V Narendran
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Kolkata
Date: 18 April, 2019

Place: Mumbai
Date: 18 April, 2019

TATA SPONGE IRON LIMITED
Standalone Statement of Profit and Loss for the year ended 31 March, 2019

Rs. in lacs

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

Notes forming an integral part of the standalone financial statements **1 to 44**

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

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

For and on behalf of the Board of Directors

Pinaki Chowdhury
Partner
Membership No. 057572

T V Narendran
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Kolkata
Date: 18 April, 2019

Place: Mumbai
Date: 18 April, 2019

TATA SPONGE IRON LIMITED

Standalone Statement of Cash Flows for the year ended 31 March, 2019

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

Notes forming an integral part of the standalone financial statements **1 to 44**

This is the Statement of Cash Flows referred to our in 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

T V Narendran
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Kolkata
Date: 18 April, 2019

Place: Mumbai
Date: 18 April, 2019

TATA SPONGE IRON LIMITED
Standalone Statement of changes in equity for the year ended 31 March, 2019

(A) Equity share capital

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

(B) Other equity

Rs. in lacs

Particulars	Notes	Reserves and surplus			Other reserves	Total
		General reserves	Retained earnings	Remeasurement gains / (losses) on defined benefit plans	Equity instruments through other comprehensive income	
As at 1 April, 2017	13	77,000.00	8,186.74	(242.24)	-	84,944.50
Profit for the year		-	14,085.71	-	-	14,085.71
Remeasurement gains / (losses) on defined benefit plans		-	-	170.13	-	170.13
Tax impact on items of other comprehensive income (OCI)		-	-	(58.88)	-	(58.88)
Transactions with the owners in their capacity as owners						
Dividend paid during the year	28 (b) (ii)	-	(1,694.00)	-	-	(1,694.00)
Tax on dividend	28 (b) (ii)	-	(344.86)	-	-	(344.86)
Balance as at 31 March, 2018	13	77,000.00	20,233.59	(130.99)	-	97,102.60
Profit for the year		-	**12,433.16**	-	-	**12,433.16**
Changes in fair value of FVOCI equity instruments		-	-	-	**1,248.00**	**1,248.00**
Remeasurement gains / (losses) on defined benefit plans		-	-	**(9.59)**	-	**(9.59)**
Tax impact on items of other comprehensive income (OCI)		-	-	**3.35**	**(257.19)**	**(253.84)**
Transactions with the owners in their capacity as owners						
Dividend paid during the year	28 (b) (ii)	-	**(3,080.00)**	-	-	**(3,080.00)**
Tax on dividend	28 (b) (ii)	-	**(633.10)**	-	-	**(633.10)**
Transfer to/from general reserve		**13,000.00**	**(13,000.00)**	-	-	-
Balance as at 31 March, 2019	13	**90,000.00**	**15,953.65**	**(137.23)**	**990.81**	**106,807.23**

Notes forming an integral part of the standalone financial statements **1 to 44**

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

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

Pinaki Chowdhury
Partner
Membership No. 057572

Place: Kolkata
Date: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019

TATA SPONGE IRON LIMITED
Notes to the standalone financial statements

1. Company Background

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

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

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

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

2. Significant accounting policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

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

(ii) Historical Cost Convention

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

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

(iii) Current versus Non-current Classification

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

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

(b) Property, plant and equipment

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

Depreciation Method, Estimated Useful Lives and Residual Values

Depreciation on property, plant and equipment is calculated on a pro-rata basis using the straight-line method to allocate their cost, net of their estimated residual values, over their estimated useful lives. The useful lives determined are in line with the useful lives prescribed in Schedule II to the Act except in respect of furniture and fixtures and vehicles, in whose case the life of the assets has been assessed, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, etc.

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

Category of assets	Useful life
Building	3 – 60 years
Plant and machinery	5 – 25 years
Office equipment	5 – 10 years
Furniture and fixtures	5 years
Vehicles	5 years

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

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

(c) Intangible assets

Railway sidings (constructed)

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

Amortisation Method and Period

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

Computer software (acquired)

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

Amortisation Method and Period

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

(d) Research and Development

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

(e) Impairment of non-financial assets

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

(f) Leases

As A Lessee

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

(g) Investment in subsidiaries

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

(h) Financial instruments

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

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

(i) Investments (Other than Investments in Subsidiaries) and Other Financial Assets

(i) Classification

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

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

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

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

(ii) Measurement

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

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

Debt Instruments

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

Equity Instruments

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

(iii) Impairment of financial assets

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

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

(iv) Derecognition of financial assets

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

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

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

(v) Dividend Income

Dividend is recognised as other income in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(vi) Fair Value of Financial Instruments

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

(vii) Offsetting Financial Instruments

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

(j) Trade Receivables

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

(k) Employee Benefits

A. Short-term Employee Benefits

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

B. Post-employment Benefits

(i) Defined Benefit Plans

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

(ii) Defined Contribution Plans

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

C. Other Long–term Employee Benefits

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

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

(l) Income Tax

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

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

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

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

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

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

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

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

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

(m) Inventories

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

(n) Provisions and Contingencies

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

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

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

(o) Revenue recognition

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

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

A. Sale of goods

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

B. Sale of Power

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

C. Other Operating Revenue

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

(p) Other Income

(i) Interest Income

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

(q) Foreign currency transactions and translation

(i) Functional and Presentation Currency

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

(ii) Transactions and Balances

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

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

(r) Borrowings costs

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

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

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

(s) Earnings per Share

Basic Earnings per Share

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

Diluted Earnings per Share

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

(t) Cash and cash equivalents

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

(u) Trade Payables

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

(v) Segment Reporting

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

(w) Rounding of amounts

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

(x) Use of estimates and critical accounting judgments

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

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

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

The areas involving critical estimates or judgements are:

A. Employee Benefits (Estimation of Defined Benefit Obligation) – Refer Note 2(k) and 34

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

B. Estimation of expected useful lives and residual values of property, plants and equipment – Refer Note 2(b) and 3

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

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

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

D. Deferred taxes – Refer Note 2(l) and 15

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

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

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

TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

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

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

	Freehold land	Freehold buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
Cost/deemed cost							
Balance as at 1 April, 2017	229.42	3,017.27	12,979.98	18.32	152.96	100.31	16,498.26
Additions during the year	334.66	157.57	19.41	12.87	82.82	46.82	654.15
Assets disposed / written off during the year	-	-	51.18	0.38	10.54	9.99	72.09
Balance as at 31 March, 2018	564.08	3,174.84	12,948.21	30.81	225.24	137.14	17,080.32
Additions during the year	**8,025.10**	**27.43**	-	**5.88**	**179.00**	**60.52**	**8,297.93**
Assets disposed / written off during the year	-	-	**30.69**	-	**2.23**	**52.81**	**85.73**
Balance as at 31 March, 2019	**8,589.18**	**3,202.27**	**12,917.52**	**36.69**	**402.01**	**144.85**	**25,292.52**
Accumulated depreciation							
Accumulated depreciation as at 1 April, 2017	-	493.79	848.40	6.83	41.47	28.05	1,418.54
Charge for the year	-	170.91	805.61	11.51	49.81	24.83	1,062.67
Depreciation on assets disposed / written off during the year	-	-	48.85	0.38	8.67	9.49	67.39
Accumulated depreciation as at 31 March, 2018	-	664.70	1,605.16	17.96	82.61	43.39	2,413.82
Charge for the year	-	**162.27**	**722.69**	**6.41**	**63.99**	**28.62**	**983.98**
Depreciation on assets disposed / written off during the year	-	-	**29.09**	-	**1.28**	**48.00**	**78.37**
Accumulated depreciation as at 31 March, 2019	-	**826.97**	**2,298.76**	**24.37**	**145.32**	**24.01**	**3,319.43**
Carrying amount							
Balance as at 31 March, 2018	564.08	2,510.14	11,343.05	12.85	142.63	93.75	14,666.50
Balance as at 31 March, 2019	**8,589.18**	**2,375.30**	**10,618.76**	**12.32**	**256.69**	**120.84**	**21,973.09**

Note :

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

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

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

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

04 Intangible assets

Rs. In lacs

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

Rs. in lacs

	Computer software (acquired)	Railway sidings (constructed)	Total intangible assets
Cost/deemed cost			
Balance as at 1 April, 2017	0.61	725.91	726.52
Additions during the year	9.69	-	9.69
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2018	10.30	725.91	736.21
Additions during the year	-	-	-
Assets disposed / written off during the year	-	-	-
Balance as at 31 March, 2019	**10.30**	**725.91**	**736.21**
Accumulated amortisation			
Accumulated amortisation as at 1 April, 2017	0.61	334.96	335.57
Charge for the year	0.13	167.48	167.61
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2018	0.74	502.44	503.18
Charge for the year	**3.23**	**170.69**	**173.92**
Amortisation of assets disposed / written off during the year	-	-	-
Accumulated amortisation as at 31 March, 2019	**3.97**	**673.13**	**677.10**
Carrying amount			
Balance as at 31 March, 2018	9.56	223.47	233.03
Balance as at 31 March, 2019	**6.33**	**52.78**	**59.11**

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

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

05 Investments

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

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

06 Loans
(Unsecured, considered good unless stated otherwise)

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

07 Other financial assets
(Unsecured, considered good unless stated otherwise)

Rs. in lacs

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

08 Other assets

(Unsecured, considered good unless stated otherwise)

Rs. in lacs

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

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

09 Inventories

(lower of cost and net realisable value)

Rs. in lacs

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

Note:

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

10 Trade receivables

Rs. in lacs

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

Note:

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

(b) Refer Note 37 for information on Trade receivable hypothecated as security by the Company

11 (i) Cash and cash equivalents

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Balances with scheduled banks		
(1) In current accounts	**418.57**	3,537.41
(2) In fixed deposit accounts having original maturity of three months or less	**15,900.00**	7,711.28
(b) Cash on hand	**0.76**	0.69
Total Cash and cash equivalents as per Cash Flow Statement	**16,319.33**	11,249.38

(ii) Other Bank balances

In Unclaimed Dividend Accounts @	**267.16**	227.33
In fixed deposit accounts (with original maturity of more than three months and maturing within twelve months from the balance sheet date)	**18,153.22**	30,684.00
	18,420.38	30,911.33
@ Includes earmarked balances in unclaimed dividend accounts	**267.16**	227.33

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

12 Equity share capital

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

(c) Fully paid equity shares

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

(d) Shares held by holding company

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

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

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

(f) Rights, preferences and restrictions attached to shares

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

12 A Preference share capital

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

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

Such shares shall rank for capital and dividend (including all dividend undeclared upto the commencement of winding up) and for repayment of capital in a winding up, pari passu inter se and in priority to the Equity Shares of the Company, but shall not confer any further or other rights in participating in surplus funds. Such shares shall confer on the holders thereof, the right to a fixed preferential dividend from the date of allotment at 11.30% p.a. and shall be redeemable at par upon maturity or optional early redemption at the option of the Company annually at 12 monthly intervals from the date of allotment. These shares shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

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

13 Other equity

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

Rs. in lacs

Particulars	Reserves and surplus: General reserves [Refer (a) below]	Reserves and surplus: Retained earnings [Refer (b) below]	Reserves and surplus: Remeasurement gains / (losses) on defined benefit plans [Refer (c) below]	Other Reserves: Equity instruments through other comprehensive income [Refer (d) below]	Total
Balance as at 1 April, 2017	77,000.00	8,186.74	(242.24)	-	84,944.50
Profit for the year	-	14,085.71	-	-	14,085.71
Remeasurement gains / (losses) on defined benefit plans	-	-	170.13	-	170.13
Tax impact on items of other comprehensive income (OCI)	-	-	(58.88)	-	(58.88)
Transactions with the owners in their capacity as owners					
Dividend paid during the year [refer note 28(b) (ii)]	-	(1,694.00)	-	-	(1,694.00)
Tax on dividend [refer note 28(b) (ii)]	-	(344.86)	-	-	(344.86)
Balance as at 31 March, 2018	77,000.00	20,233.59	(130.99)	-	97,102.60
Profit for the year	-	**12,433.16**	-	-	**12,433.16**
Changes in fair value of FVOCI equity instruments	-	-	-	**1,248.00**	**1,248.00**
Remeasurement gains / (losses) on defined benefit plans	-	-	**(9.59)**	-	**(9.59)**
Tax impact on items of other comprehensive income (OCI)	-	-	**3.35**	**(257.19)**	**(253.84)**
Transactions with the owners in their capacity as owners					
Dividend paid during the year [refer note 28(b) (ii)]	-	**(3,080.00)**	-	-	**(3,080.00)**
Tax on dividend [refer note 28(b) (ii)]	-	**(633.10)**	-	-	**(633.10)**
Transfer to/from general reserve	**13,000.00**	**(13,000.00)**	-	-	-
Balance as at 31 March, 2019	**90,000.00**	**15,953.65**	**(137.23)**	**990.81**	**106,807.23**

(a) General reserves

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

(b) Retained Earnings

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

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

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

(d) Equity instruments through other comprehensive income

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

Rs. in lacs

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

15 Deferred tax liabilities (net)

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

Rs. in lacs

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

The balances comprises temporary differences attributable to:

Rs. in lacs

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

Note :

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

Rs. in lacs

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

Note:

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

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

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) (i) The principal amount remaining unpaid to supplier as at end of the accounting year	**106.62**	176.10
(ii) Interest due thereon remaining unpaid to supplier as at end of the accounting year	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Refer Note 28 for information about liquidity risk relating to Trade payables.

Rs. in lacs

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

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

Rs. in lacs

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

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

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

Rs. in lacs

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

Note:

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

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

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

Rs. in lacs

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

Note :

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

Rs. in lacs

22 Cost of materials consumed

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

23 Changes in inventories of finished goods

Rs. in lacs

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

24 Employee benefits expense

Rs. in lacs

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

25 Finance costs

Rs. in lacs

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

Rs. in lacs

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

27 Other expenses

Rs. in lacs

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

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

27.1 Payments to auditors

Rs. in lacs

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

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

Rs. in lacs

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

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

Rs. in lacs

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

28 (a) Financial Risk Management:

The Company's activities expose it to credit risk, liquidity risk and market risk. In order to safeguard against any adverse effects on the financial performance of the Company, derivative financial instruments viz. foreign exchange forward contracts are entered where considered appropriate to hedge foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

The Company's senior management oversees the management of above risks. The senior executives working to manage the financial risks are accountable to the Audit committee and the Board of Directors. This process provides assurance that the Company's financial risks-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and the Company's risk appetite.

This Note explains the sources of risk which the entity is exposed to and how the entity manages the risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below :

(i) Credit risk management:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk primarily arises from trade receivables, investments in mutual funds and balances with banks.

Trade Receivables

Trade receivables are typically unsecured, considered good and are derived from revenue earned from customers. Customer credit risk is managed as per Company's policy and procedures which involve credit approvals, establishing credit limits and continually monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. Outstanding customer receivables are regularly monitored and the shipments to customers are generally covered by letters of credit or other forms of credit assurance.

Other Financial Assets

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

Financial Assets that are Neither Past Due Nor Impaired

None of the Company's cash equivalents with banks, loans and investments as at 31 March, 2019 and 31 March, 2018 were past due or impaired. Total trade receivables, of **Rs.7,845.45 lacs** as at 31 March, 2019 and Rs.5,880.50 lacs as at 31 March, 2018 consisted of customer balances that were neither past due nor impaired.

(ii) Liquidity risk management:

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

(a) Financing Arrangements

The Company has unutilised fund based arrangement with banks for **Rs. 7000.00 lacs** (31 March, 2018: Rs. 11,000.00 lacs). The Company has also Non-Fund based facilities with banks for **Rs.14,815.00 lacs** (31 March ,2018: Rs. 31,315.00 lacs) which may be utilised at any time and the banks have a right to terminate the same without notice.

(b) Maturities of Financial Liabilities

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

Particulars	Within 1 year Rs. in lacs	More than 1 year Rs. in lacs
As at 31 March, 2019		
Trade payables	**7,510.09**	-
Other financial liabilities - current	**425.23**	-
As at 31 March, 2018		
Trade payables	6,690.16	-
Other financial liabilities - current	422.78	-

(iii) Market risk:

(i) Foreign Currency Risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currencies (primarily US Dollars). The Company has foreign currency trade payables and is therefore exposed to foreign currency risk. Foreign currency risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has not entered into any derivative contracts to hedge exposure to fluctuations in commodity prices.

(iv) Securities Price risk:

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

Rs. in lacs

	Impact on Profit Before Tax	
	Year ended 31 March, 2019	Year ended 31 March, 2018
NAV -Increase by 1%*	**229.24**	197.77
NAV -Decrease by 1%*	**(229.24)**	(197.77)

* Holding all other variables constant

(v) Commodity Price Risk

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

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

(b) Capital Management:

(i) Risk Management

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

(ii) Dividends on Equity Shares

	Year ended 31 March, 2019	Year ended 31 March, 2018
		Rs. in lacs
Dividend Declared and Paid during the year		
Final dividend for the year ended 31 March, 2018 of **Rs. 20.00** (31 March, 2017 – Rs. 11.00) per fully paid share	**3,080.00**	1,694.00
Dividend Distribution Tax on above	**633.10**	344.86
Proposed Dividend Not Recognised at the End of the Reporting Period		
In addition to the above dividend, since year end the directors have recommended the payment of a final dividend of Rs. 12.50 (for the year ended 31 March 2018: Rs. 20.00) per fully paid share. This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	**1,925.00**	3080.00
Dividend Distribution Tax on above	**395.69**	633.10

(c) Financial Instruments by Category

Financial assets and liabilities

The carrying value of financial instruments by categories as at 31 March, 2019 is as follows:

Rs. in lacs

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investments in Mutual fund	**22,923.79**	-	-	**22,923.79**
Investment in body corporates	-	**1,328.00**	-	**1,328.00**
Trade receivables	-	-	**7,845.45**	**7,845.45**
Loans			**238.31**	**238.31**
Cash and cash equivalents	-	-	**16,319.33**	**16,319.33**
Other bank balances	-	-	**18,420.38**	**18,420.38**
Other financial assets - non-current	-	-	**86.45**	**86.45**
Other financial assets - current	-	-	**1,294.06**	**1,294.06**
Total	**22,923.79**	**1,328.00**	**44,203.98**	**68,455.77**
Liabilities:				
Trade payables	-	-	**7,510.09**	**7,510.09**
Other financial liabilities - current	-	-	**425.23**	**425.23**
Total	-	-	**7,935.32**	**7,935.32**

Financial assets and liabilities

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

Rs. in lacs

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Assets:				
Investments in Mutual fund	19,777.13	-	-	19,777.13
Investment in body corporate	-	80.00	-	80.00
Trade receivables	-	-	5,880.50	5,880.50
Loans	-	-	267.49	267.49
Cash and cash equivalents	-	-	11,249.38	11,249.38
Other Bank balances	-	-	30,911.33	30,911.33
Other financial assets - non-current	-	-	6,412.84	6,412.84
Other financial assets - current	-	-	929.29	929.29
Total	19,777.13	80.00	55,650.83	75,507.96
Liabilities:				
Trade payables	-	-	6,690.16	6,690.16
Other financial liabilities - current	-	-	422.78	422.78
Total	-	-	7,112.94	7,112.94

Fair value measurement:

The fair values of financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended 31 March, 2018.

The following methods and assumptions were used to estimate the fair values:

(a) In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors. Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(b) The management assessed that fair values of, Current Investments, trade receivables, cash and cash equivalents, other bank balances, other financial assets (current), trade payables, and other financial liabilities (current), approximate to their carrying amounts due to the short-term maturities of these instruments.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the standalone financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classifed its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows below.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds. The mutual funds are valued using the closing Net Asset Value.

Level 2: The fair value of Financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

TATA SPONGE IRON LIMITED
Notes to the Standalone Financial Statements

(Rs. in lacs)

Particulars	As at 31 March, 2019	Fair value measurement at end of the reporting year using		
		Level 1	Level 2	Level 3
Financial assets				
Investment in mutual funds	**22,923.79**	**22,923.79**	-	-
	(19,777.13)	(19,777.13)		
Investment in equity instruments at FVTOCI (Unquoted)	**1,328.00**	-	-	**1,328.00**
	(80.00)			(80.00)
Total financial assets	**24,251.79**	**22,923.79**	-	**1,328.00**
	(19,857.13)	(19,777.13)	-	(80.00)

Figures in brackets represents balances for the previous year

Amount (Rs. lacs)

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

Valuation technique used for Level 3 investments

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

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

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

29 Earnings per share

	Year ended 31 March, 2019	Year ended 31 March, 2018
Net profit for the year (Rs. In lacs)	**12,433.16**	14,085.71
Weighted average number of equity shares outstanding during the year (Nos.)	**15,400,000**	15,400,000
Nominal value per equity share (Rs.)	**10**	10
Basic and diluted earnings per share (Rs.)	**80.73**	91.47

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

30 Contingent liabilities

Rs. in lacs

	As at 31 March, 2019	As at 31 March, 2018
(a) Claims against the Company not acknowledged as debts;		
(a) Income tax	**159.28**	159.28
(b) Odisha entry tax	**2,579.93**	2,579.93
(c) Customs duty (Refer Note below)	**3,818.44**	3,818.44
(d) Demand from Ministry of Coal against Radhikapur coal block [Refer Note 31]	**3,250.00**	3,250.00
(e) Demand from suppliers	**152.13**	152.13
	9,959.78	9,959.78

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

Rs. in lacs

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

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

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

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

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

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

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

(b) (i) During pendency of the aforesaid matters in Hon'ble High Court of Delhi, the Hon'ble Supreme Court of India vide its order dated 24 September, 2014 had cancelled allocation of 214 coal blocks including the Radhikapur (East) Coal Block which was allotted to the Company on 7 February, 2006. The amount incurred on the Radhikapur (East) Coal Block upto 31 March, 2019 aggregates to **Rs. 18,040.96 lacs** (31 March, 2018: Rs. 18,040.96 lacs), and the carrying amount in the books net of depreciation and write off as at 31 March, 2019 is **Rs . 17,905 lacs** (31 Marcch, 2018: Rs. 17,917 lacs).

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

32 Estimated amounts of contracts remaining to be executed on capital account and not provided for :**Rs. 244.88 lacs** (As at 31 March, 2018: Rs. 156.95 lacs) **Net of advances Rs.0.31 lacs** (As at 31 March, 2018 Rs. 0.31 lacs.)

TATA SPONGE IRON LIMITED
Notes to the Standalone Financial Statements

33. Related party transaction

(A) Related Parties

Name of Related Party	Relationship
Tata Sons Private Limited [Formerly Tata Sons Limited]	Company having significant Influence over the Holding Company
Where Control exists	
Tata Steel Limited	Holding Company
TSIL Energy Limited	Wholly owned subsidiary Company
Others with whom transactions have taken place during the current or previous year	
The Tinplate Company of India Limited	Fellow Subsidiary
Tata Pigments Limited	
The Indian Steel and Wire Products Limited	
Tata Metaliks Limited	
TM International Logistics Limited	Joint venture with Tata Steel Limited
mjunction services limited	
Jamipol Limited	
Tata Bluescope Steel Limited	
Tata International Limited	Subsidiary of Tata Sons Private Limited
Tata International Singapore PTE Limited	
TC Travel & Services Limited	
TRL Krosaki Refractories Limited	Associate of Tata Steel Limited (till 28 December, 2018)
Mr. Sanjay Kumar Pattnaik	Key Management personnel - Managing Director (MD)
Mr. T V Narendran (w.e.f. 12 January 2019)	Key Management personnel -Non- Executive Director (NED)
Mr. Koushik Chatterjee (w.e.f. 12 January 2019)	
Dr. Sougata Ray (w.e.f. 12 January 2019)	
Mr. A M Misra (up to 12 January 2019)	
Mr. D K Banerjee	
Mr. P C Parakh	
Mr. Manoj T Thomas	
Mr. Krishnava S Dutt (Up to 11 October2018)	
Mr. R Ranganath (up to 12 January 2019)	
Mrs. Meena Lall	
Dr. Omkar N Mohanty	
Mr. Bimlendra Jha (from 12 January, 2019 to 7 February ,2019)	
Mr. Ashish Anupam (w.e.f. 14 March 2019)	
Tata Sponge Iron Limited Employee Provident Fund Trust	Post Employment Benefit Plans (PEBP) as per Ind AS 24
Tata Sponge Iron Limited Superannuation Fund	
Tata Sponge Iron Limited Gratuity Fund	

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

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

(C)

Compensation of key management personnel	Year ended 31 March, 2019	Year ended 31 March, 2018
MD		
Remuneration		
-Short term Employee Benefits	321.49	176.12
-Post Employment Benefits	31.29	25.65
Total	352.78	201.77
NED		
Sitting Fees		
Mr. A M Misra	3.25	2.30
Mr. D K Banerjee	3.95	2.85
Mr. Manoj T Thomas	3.90	2.70
Mr. P C Parakh	4.10	3.10
Dr. Omkar N Mohanty	4.10	3.30
Mr. Krishnava S Dutt	0.70	1.15
Dr. Sougata Ray	0.85	-
Commission		
Mr. A M Misra	8.50	7.83
Mr. D K Banerjee	6.12	5.65
Mr. P C Parakh	7.82	8.70
Mr. Manoj T Thomas	7.14	6.09
Dr. Omkar N Mohanty	6.12	6.52
Mr. Krishnava S Dutt	1.36	2.61
Dr. Sougata Ray	2.04	-
Total	59.95	52.80

(D)

Contribution to PEBP	Year ended 31 March, 2019	Year ended 31 March, 2018
Tata Sponge Iron Limited Employee Provident Fund Trust	200.24	193.68
Tata Sponge Iron Limited Superannuation Fund	106.58	107.69
Tata Sponge Iron Limited Gratuity Fund	98.15	97.14
Total	404.97	398.51

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

(F) Balances Outstanding

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

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

TATA SPONGE IRON LIMITED

Notes to the Standalone Financial Statements

34 Employee benefits

(a) Superannuation

	Year ended 31 March, 2019	Year ended 31 March, 2018
		Rs. in lacs
Contribution to superannuation fund	106.58	107.69
	106.58	107.69

(b) Post Retirement Gratuity and Ex-MD Pension

Description of plan characteristics and associated risks

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

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

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

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

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

In respect of the plans in India, the most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 March, 2019 by Mr. Ritobrata Sarkar, Fellow, Institute of Actuaries of India. The present value of defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

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

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

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

	As at 31 March, 2019		As at 31 March, 2018	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)	Amount (Rs. in lacs)
3 Reconciliation of fair value of assets and obligations				
a. Fair value of plan assets as at end of the year	1,852.68	-	1,753.11	-
b. Present value of funded/unfunded defined benefit obligation as at the end of the year	1,852.68	1,196.53	1,778.80	1,169.93
c. Amount recognised in the balance sheet				
(i) Retirement benefit liability - Current	-	74.24	25.69	70.23
(ii) Retirement benefit liability - Non current	-	1,122.29	-	1,099.70

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

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

The current service cost, past service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the Statement of Profit and Loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

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

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

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

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

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

7 Duration

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

	As at 31 March, 2019		As at 31 March, 2018	
	Gratuity	Ex - MD Pension	Gratuity	Ex - MD Pension
	Amount (Rs. In Lacs)	Amount (Rs. In Lacs)	Amount (Rs. In Lacs)	Amount (Rs. In Lacs)
Maturity Profile of Defined benefit obligation				
Within 1 year	262.71	76.98	145.39	72.81
1-2 year	214.52	79.41	267.30	75.34
2-5 years	869.84	250.62	750.54	230.49
Over 5 years	1,025.40	852.56	1,220.39	718.22

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

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

9 Sensitivity analysis

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

a) On post retirement gratuity plan

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by **Rs.93.93 lacs** (increase by **Rs. 106.83 lacs**) [as at 31 March, 2018: decrease by Rs. 104.19 lacs (increase by Rs. 92.58 lacs)].

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

b) On post retirement pension plan

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by **Rs. 115.06 lacs** (increase by **Rs. 137.54 lacs**) [as at 31 March, 2018: decrease by Rs. 135.73 lacs (increase by Rs. 113.35 lacs)] .

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

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

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

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

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

	As at 31 March, 2019	As at 31 March, 2018
	PRMB	
	Amount (Rs. in lacs)	Amount (Rs. in lacs)
a. Service cost		
(i) Current service cost	-	-
(ii) Past service cost	-	-
b. Net interest expense	**5.65**	5.48
Components of defined benefit costs recognised in profit or loss	**5.65**	5.48
Remeasurement on the net defined benefit liability:		
c. Actuarial gains and losses arising from changes in financial assumption	-	(3.01)
d. Actuarial gains and losses arising from changes in experience adjustments	**(4.76)**	(1.42)
Components of defined benefit costs recorded in other comprehensive income	**(4.76)**	(4.43)
Total	**0.89**	1.05

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

	As at 31 March, 2019	**As at 31 March, 2018**
a. Discount rate (per annum)	**7.50%**	7.50%
b. Medical cost - % of annual entitlement utilised (per annum)	**20.00%**	20.00%
c. Mortality rate	**LIC Annuitants (1996-98) Ultimate**	LIC Annuitants (1996-98) Ultimate

5 The average duration of the defined benefit plan obligation representing average duration for active members is **8 years** (As at 31 March, 2018: 8 years).

6 **Sensitivity analysis**

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

On PRMB

i) If the discount rate is 100 basis points higher/(lower), the defined benefit obligation would decrease by **Rs. 5.36 lacs** (increase by **Rs. 6.20 lacs**) [as at 31 March, 2018: decrease by Rs. 6.32 lacs (increase by Rs. 5.47 lacs)].

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Additional information relating to employee benefits obligation:

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

(d) Actuarial assumptions for compensated absences

Particulars	Refer Note below	As at 31 March, 2019	As at 31 March, 2018
(i) Discount rate (per annum)	1	**7.50%**	7.50%
(ii) Salary escalation rate (per annum)	3	**8.00%**	8.00%

Notes :

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

(e) **Provident Fund** - All employees in the rolls of the Company receive provident fund benefits, which are administered by the Provident Fund Trust exempted under section 17(1)(a) of Employees Provident Fund and Miscellaneous Provisions Act 1952 set up by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employees' salary to Provident Fund Trust. If the Board of Trustees is unable to pay interest at the rate declared for Employees Provident Fund by the Govt. of India under Para 60 of the Employees Provident Fund Scheme, 1952 for the reason that the return on Investment is less or for any other reason then the deficiency shall be made good by the Company.

The Actuary has carried out year-end actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Projected Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the Balance Sheet date. Further during the year, the Company's contribution of **Rs.200.24 lacs** (31 March, 2018: Rs.193.68 lacs) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds' in Note 24. Disclosures given hereunder are restricted to the information available as per the Actuary's Report.

	As at 31 March, 2019	As at 31 March, 2018
Discount rates	**7.50%**	7.50%
Expected yield on plan assets	**8.75%**	8.75%
Guaranteed Interest Rate	**8.65%**	8.55%

(f) **Risk Exposure**

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

Discount Rate Risk

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

Salary Growth Risks

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

Demographic Risk

In the valuation of the liability, certain demographic (mortality and attrition rates) assumptions are made. The Company is exposed to this risk to the extent of actual experience eventually being worse compared to the assumptions thereby causing an increase in the benefit cost.

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

35 SEGMENT REPORTING

(a) The Company is engaged in production of sponge iron and generation of power from waste heat. Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on manufacture of sponge iron and generation of power, reportable segments for financial statements in accordance with Ind AS 108 "Operating Segment". The Company's activities/operations are primarily within India.

(b) Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments and also amounts allocated on a reasonable basis. The expenses, which are not directly relatable to the business segment, are shown as unallocable. Assets and liabilities that cannot be allocated between the segments are shown as unallocable assets and liabilities respectively.

(c) **Segment Disclosures**

Rs. in lacs

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

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

Segment assets and liabilities

Rs. in lacs

Particulars	As at 31 March, 2019	As at 31 March, 2018
Segment assets		
Sponge Iron	66,012.36	44,572.31
Power	4,262.29	4,573.24
Unallocated	62,153.63	72,278.57
	132,428.28	121,424.12
Segment liabilities		
Sponge Iron	13,932.33	12,766.49
Power	603.18	711.24
Unallocated	9,545.54	9,303.79
	24,081.05	22,781.52

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

(Rs. in lacs)

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

(e) **Information about geographical areas revenue :**

Rs. in lacs

	Year ended 31 March, 2019	Year ended 31 March, 2018
India	73,087.20	63,952.66
Outside India*	19,888.14	11,563.89
	92,975.34	75,516.55

* Outside India represents sale to customers in Bhutan

Rs. in lacs

(f) **Additions to Non - Current assets**

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

Rs. in lacs

(g) Depreciation and amortisation	Year ended 31 March, 2019	Year ended 31 March, 2018
Sponge Iron	916.97	989.34
Power	240.93	240.94
Unallocated	-	-
	1,157.90	1,230.28

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

36 DISCLOSURE RELATING TO PROVISIONS AS PER IND AS 37- PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

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

Rs. in lacs

Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018	Year ended 31 March, 2019	Year ended 31 March, 2018
Carrying amount as at beginning of the year	2,538.75	2,512.77	601.00	601.00	1,887.91	1,589.31
Provision made during the year	122.46	25.98	-	-	179.71	298.60
Amount paid during the year	-	-	-	-	-	-
Amount reversed during the year	55.46	-	-	-	-	-
Carrying amount as at the end of the year	2,605.75	2,538.75	601.00	601.00	2,067.62	1,887.91
Nature of obligation	VAT, entry tax and sales tax including interest thereon		Cross subsidy surcharge payable to power distribution companies		Interest on income tax	
Expected timing of resultant outflow	On decision by competent authority		On decision by competent authority		On decision by competent authority	
Indication of uncertainty about those outflows	The above matters are under dispute with authorities		The above matters are under dispute with authorities		The above matters are under dispute with authorities	
Major assumptions concerning future events	The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence.		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence.		The matter is with higher authorities for adjudication. Provision has been made on the grounds of prudence.	
Amount of any expected reimbursement, i.e., amount of any asset that has been recognised for that expected reimbursement	Nil	Nil	Nil	Nil	Nil	Nil

37 ASSETS HYPOTHECATED AS SECURITY

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

38 OPERATING LEASES

The Company has cancellable operating lease agreements for office spaces and residential accommodations, the tenure of which generally vary from less than a year to 3 years. Terms of such lease include option for renewal on mutually agreed terms. Operating lease rental expenses aggregating **Rs. 81.23 lacs** (31 March 2018: Rs. 79.29 lacs) have been debited to the Statement of Profit and Loss.

39 EXPENDITURE ON CORPORATE SOCIAL RESPONSIBILITY:

a. Gross amount required to be spent by the Company during the year 31 March, 2019 : Rs. **223.44 lacs** (year ended 31 March, 2018 Rs. 179.22 lacs)

b. Amount spent during the year ended 31 March, 2019 (figures in brackets represents amount for the previous year)

Rs. in lacs

Sl No.	Particulars	Paid (A)	Yet to be Paid (B)	Total (A)+(B)
(i)	Construction / acquisition of any asset	-	-	-
		(-)	(-)	(-)
(ii)	On purposes other than (i) above	163.50	72.75	236.25
		(125.36)	(55.10)	(180.46)
	Total	163.50	72.75	236.25
		(125.36)	(55.10)	(180.46)

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

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

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

42 Standards issued and but not yet effective

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

Ind AS 116 – 'Leases'

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

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

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

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

43 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, except a sum of **Rs. 4.82 lacs,** which is held in abeyance due to pending legal cases.

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

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

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

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

Pinaki Chowdhury
Partner

Membership No. 057572

Place: Kolkata
Date: 18 April, 2019

For and on behalf of the Board of Directors

T V Narendran
Chairman

Sanjay Kumar Pattnaik
Managing Director

S K Mishra
Chief Financial Officer

Sanjay Kasture
Company Secretary

Place: Mumbai
Date: 18 April, 2019