

SustainAbility



Performance Highlights 2008-09

Financial

Turnover	Rs. 64,486.49 lac
Profit Before Tax	Rs. 18,116.70 lac
Profit After Tax	Rs. 12,066.61 lac
Dividend	80%
Return on Capital Employed	34.49%
Earning per Share	Rs. 78.35

Operational

Sponge Iron	
n Installed capacity	390000 MT
n Production	342074 MT
n Despatch	342920 MT
Power	
n Installed capacity	227.76 Million KWH (26 MW)
n Generation	181.01 Million KWH
n Sale	124.82 Million KWH

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The Twenty-sixth Annual General Meeting of Tata Sponge Iron Limited will be held at "Lake View" (Officers' Recreation Centre), TSIL Township, Joda, Dist - Keonjhar, Orissa - 758 034, on Saturday, the 1st August, 2009 at 4-00 p.m.

As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

TATA SPONGE IRON LIMITED

Twenty-sixth Annual Report 2008-09

BOARD OF DIRECTORS

[As on 22nd April, 2009]

Mr. A. D. Bajjal (Chairman)
Mr. N. P. Sinha
Mr. P. K. Lahiri
Mr. Dipak Kumar Banerjee
Mr. P. C. Parakh
Mr. S. P. Mehrotra
Mr. K. K. Varughese
Mr. Sanjay Kumar Pattnaik
Mr. Arun Misra
Mr. Suresh Thawani (Managing Director)

MANAGEMENT TEAM

[As on 22nd April, 2009]

Mr. Suresh Thawani Managing Director
Mr. T. P. Ninan Vice President (Operations)
Mr. R. Raju General Manager
(Finance & Accounts)
Mr. Ujjwal Chatterjee General Manager (Coal Project)
Mr. S. S. Dhanjal Company Secretary

Bankers State Bank of India
Canara Bank

Auditors M/s Deloitte Haskins & Sells
Chartered Accountants

**Registered Office
& Works** Post – Joda
Dist – Keonjhar
Orissa – 758 034
Tel No. : (06767) 284236
Fax No. : (06767) 278159
E-mail : info@tatasponge.com
Website : www.tatasponge.com

Share Registrars M/s. TSR Darashaw Ltd.
6-10 Haji Moosa Patrawala Industrial
Estate
20, Dr. E. Moses Road
Mahalaxmi
Mumbai – 400 011
Tel No : (022) 66568484
Fax No : (022) 66568494
E-mail: csg-unit@tsrdarashaw.com
Website: www.tsrdarashaw.com

CHAIRMAN'S STATEMENT

Dear Shareholder,

The sub-prime banking crisis in the global financial markets triggered a global recession in the third quarter of 2008-09, which led to meltdown of economies across the world. India was no exception, though, along with China, it continued to grow. India's GDP which was expected to touch two digits hovered at around 6%.

Future of Sponge Industry in India is linked to the growth of steel demand in the country and its fulfillment through secondary steel sector. Due to various issues, the installation of large Integrated Steel Plants through BF & BOF route has not happened and the demand supply gap has been met by increase in production through the secondary steel making route i.e. melting of scrap to make steel in Electric Arc Furnaces and Induction Furnaces. Secondary steel making requires steel scrap or sponge iron as source of metallic. As availability of scrap in India is limited and the country depends largely upon imported scrap, sponge iron fills the demand supply gap conveniently. However, the price of sponge iron is determined by the scrap price internationally and the steel price in domestic market. In short to medium term, demand of sponge iron in India is expected to be satisfactory.

The steel industry and its allied industries like sponge iron suffered depressed prices which put pressure on margins. As a commodity product, sponge iron witnessed a reduction in selling price even as raw material costs did not go down, mirroring industry trends. Tata Sponge Iron Limited also suffered the limitations of the economic scenario.

However, it is heartening that despite above constraints, the Company registered its highest ever performance across all segments like production, dispatches, PBT (Rs. 181 crore), PAT (Rs. 121 crore) and EPS (Rs. 78.35). This was due to impressive profits of the first half and sale of surplus power from the Company's captive power plants. Therefore, the Board has recommended a dividend of 80% for 2008-09, the highest in the history of the Company.

While there are reasons for cheers, there is no room for complacency. The Company is weighing its various options for de-risked growth in the currently tight economic situation. Security of raw material supply is a priority as we seek captive capacities or long-term supply commitments for raw material and lower production costs among others. Work on the Company's captive coal project progressed, although slower than our expectations.

The Company is concerned about quality of environment, climate change and global warming. Therefore, to address these concerns, the Company has taken some steps e.g. implemented Environment Management System as per standards of ISO 14001 : 2004, efforts made to reduce greenhouse gas emissions, carried-out an environment impact assessment of our presence on bio-diversity, measuring of carbon footprint etc.

Internally, we continued to strengthen our fundamentals. The HR focus on our pioneering e-Associates Programme and Daily Management Programme was accepted well by the employees who saw them as self-development initiatives. Our TBEM score also improved during assessment, validating the quality of our processes and systems within the Tata Group. The Company also won the prestigious CII (ER) Quality Award, getting certified as a Model TQM Company for 2008-09 in an industry wide contest for continuous improvement.

As a responsible corporate citizen, this year our Annual Report communication is based on the triple bottomline (TBL) approach, addressing the parameters of profit, people and planet. Concern for the ecology and the community has always been a part of the Tata Group and the Tata Code of Conduct (TCoC). In fact, the TCoC was revamped this fiscal and we have also reported our stringent adherence to it in this report. Our corporate responsibility also saw us extending the ambit of our CSR activities directly and through a Trust, Vidya Shatki Niyas. The Company donated generously to help victims of the Bihar floods and the Mumbai blasts, in August and November 2008, respectively.

Although we delivered value to our shareholders this fiscal, the global economic trends signify a tough economic year ahead. The Company seeks shareholders' continued support for sustenance throughout the present economic crisis. On our part, we are committed to do all we can to maximize stakeholder value in 2009-10. We also acknowledge the unstinted support of all stakeholders — our shareholders, employees and management, suppliers and vendors and the community — across the 26 years of our existence, and hope for its sustained continuation.

Jamshedpur
22nd April, 2009

A. D. Bajjal
Chairman

NOTICE

The TWENTY-SIXTH ANNUAL GENERAL MEETING of TATA SPONGE IRON LIMITED will be held at 'Lake View'(Officers' Recreation Centre), TSIL Township, Joda, Dist – Keonjhar, Orissa – 758 034, on Saturday, the 1st August, 2009, at 4-00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2009 and the Balance Sheet as at that date together with the Report of the Board of Directors and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. N. P. Sinha, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. P. K. Lahiri, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration

SPECIAL BUSINESS

6. To consider and if thought fit to pass, with or without modification, the following Resolutions as Ordinary Resolutions :
"RESOLVED that Mr. Sanjay Kumar Pattnaik, a Director liable to retire by rotation, who does not seek re-election, is not therefore re-appointed as Director of the company."
"RESOLVED FURTHER that the vacancy on the Board of Directors of the Company so created be not filled."
7. To consider and if thought fit to pass, with or without modification, the following Resolution as Ordinary Resolution :
"RESOLVED that Mr. S. P. Mehrotra be and is hereby appointed a Director of the Company."
8. To consider and if thought fit to pass, with or without modification, the following Resolution as Ordinary Resolution :
"RESOLVED that Mr. Rajesh Chintak be and is hereby appointed a Director of the Company."
9. To consider and if thought fit to pass, with or without modification, the following resolution as Ordinary Resolution :
"RESOLVED that in partial modification of the resolutions passed at the 24th Annual General Meeting held on 25th June, 2007, and 25th Annual General Meeting held on 14th July, 2008, in respect of appointment and remuneration payable to Mr. Suresh Thawani, Managing Director, and in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, and Article 112 of the Articles of Association of the Company, the Company hereby approves of the change in the remuneration applicable to Mr. Suresh Thawani (including remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board/Committee of Directors to fix his salary within the pay scale, increasing thereby proportionately all benefits related to the quantum of salary, with effect from 1st April, 2009, for the remainder period of his current tenure, as set out in the Annexure to the Notice of Twenty-sixth Annual General Meeting."
10. To consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions :
"RESOLVED that in supersession of the Resolution No.13 passed at the 24th Annual General Meeting of the Company held on 25th June, 2007, and pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of money on such terms and conditions as the Board may deem fit, which together with the monies already borrowed by the Company (apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves

not set apart for any specific purpose, provided that the maximum amount so borrowed by the Board shall not at any time exceed Rupees One Thousand and Eight Hundred Crores.”

“RESOLVED FURTHER that pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors be and is hereby authorised to secure the borrowings of monies as aforesaid with interest, costs, charges and other monies in such manner as they may think fit and for that purpose to execute mortgage, charge and/or hypothecation in respect of the whole or any part of the properties and assets of the Company, both present and future, and on such terms and conditions as the Board of Directors may think fit from time to time.”

Notes :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY AT JODA, DIST-KEONJHAR, ORISSA, PIN 758 034, NOT LESS THAN 48 HOURS BEFORE THIS ANNUAL GENERAL MEETING.
- 2) The Register of Members and Share Transfer Books will remain closed from 16th July, 2009 to 22nd July, 2009, both days inclusive.
- 3) Dividend, if declared, will be paid to those shareholders, whose names appear on the Company's Register of Members/Register of Beneficial Owners as on 15th July, 2009. The payment will be made on or after 5th August, 2009.

Your dividend warrant is valid for payment by the Company's Bankers for three months from the date of issue. Thereafter, please contact our Share Registrars, M/s. TSR Darashaw Ltd., (formerly Tata Share Registry Ltd.) 6-10 Haji Moosa Patrawala Industrial Estate, 20, Dr. E. Moses Road, Mahalaxmi, Mumbai – 400 011, for revalidation of the warrants.

Please encash your dividend warrants immediately as the dividend amounts remaining unclaimed/unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the Company to the Investor Education and Protection Fund established under Section 205C in terms of Section 205A of the Companies Act, 1956 and no payment shall be made in respect of any such unclaimed/unpaid dividend either by the Company or by the Fund.

- 4) The unclaimed dividend for the financial years 1993-94 and 1994-95 has been transferred to the General Revenue Account of Central Government and for the years 1995-96, 1996-97, 1997-98, 1998-99, 1999-2000 and 2000-01 has been transferred to Investor Education and Protection Fund. Members, who have not encashed their dividend warrant for 1993-94 and 1994-95 are, therefore, requested to claim the amount from the Registrar of Companies, Orissa, Chalachitra Bhawan (IInd Floor), Buxi Bazar, Cuttack-753 001.
- 5) Members, who have not encashed their dividend warrants issued for the years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 2006-07 & 2007-08 are requested to immediately forward the same for revalidation to our Share Registrars at their address given under (3) above, and get the encashment at the earliest.
- 6) Shareholders are requested to notify their bank particulars giving the name of the bank and the branch and the nature of account and also any change of address to the Company's Registrar and Share Transfer Agent, M/s. TSR Darashaw Ltd. Shareholders are hereby intimated that under instructions from the Securities and Exchange Board of India, furnishing of bank particulars by the shareholders has become mandatory.
- 7) In order to provide better service to the shareholders, the Company has introduced Electronic Clearing Service (ECS) for payments of dividend. Shareholders desirous of availing ECS facility may provide the required information to our Share Registrars at their address given under (3) above.
- 8) Shareholders are hereby informed that the bank particulars given by them at the time of opening a depository account will be used by the Company for printing on the dividend warrants. This would ensure that the dividend warrants cannot be deposited in any account other than the one specified on the warrants. For the safety and interest of the shareholders, it is important that bank account details are correctly provided to the depository participants. The bank mandate for shares held in physical form will not be applied for shares held in electronic form.

- 9) Section 109 A of the Companies Act, 1956 extends the nomination facility to individual shareholders of the Company. Therefore, the shareholders holding share certificates in physical form and willing to avail this facility may make nomination in Form 2B, which may be sent on request. However, in case of demat holdings, the shareholders should approach to their respective depository participants for making nominations.
- 10) Members, who have multiple accounts in identical names or joint names in same order are requested to intimate M/s.TSR Darashaw Ltd., the Ledger Folios of such accounts to enable the Company to consolidate all such share holdings into one account.

By Order of the Board of Directors

Kolkata
22nd April, 2009

S. S. Dhanjal
Company Secretary

ANNEXURE TO NOTICE

As required by Section 173 of the Companies Act, 1956, (hereinafter referred to as “the Act”) the following Explanatory Statement set out all material facts relating to the business mentioned under item Nos. 6, 7, 8, 9 and 10 of the accompanying Notice dated 22nd April, 2009.

Item No. 6

Mr. Sanjay Kumar Pattnaik, one of the Directors liable to retire by rotation at this meeting, has informed the company that he does not wish to seek re-appointment. A resolution pursuant to Section 256 of the Companies Act, 1956, is, therefore, necessary for not filling the vacancy caused by the retirement of Mr. Sanjay Kumar Pattnaik.

The Board commends acceptance of the resolution set out in Item No.6 of the convening Notice.

None of the Directors other than Mr. Sanjay Kumar Pattnaik is concerned or interested in the resolution at Item No. 6 of the Notice.

Item No. 7

The Board of Directors of the Company appointed Mr. S. P. Mehrotra as Additional Director of the Company w.e.f. 8th August, 2008, pursuant to Article 109 of the Articles of Association of the Company. Mr. Mehrotra will hold office as Director up to the date of the Twenty-sixth Annual General Meeting and is eligible for appointment. The Company has received from a member a Notice in writing in terms of Section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr.Mehrotra as a Director on the Board of Directors of the Company at the 26th Annual General Meeting.

The Board commends acceptance of the resolution set out in Item No.7 of the convening Notice.

None of the Directors other than Mr. S. P. Mehrotra is concerned or interested in the resolution at Item No.7 of the Notice.

Item No. 8

The Company has received from a member a Notice in writing in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Rajesh Chintak as a Director on the Board of Directors of the Company at the forthcoming Annual General Meeting.

Mr. Rajesh Chintak is presently working with Tata Steel Ltd. at Bhubneswar in the capacity as Chief Resident Representative (Orissa). His experience and knowledge would be of immense help to the company.

The Board commends acceptance of the resolution set out in Item No.8 of the convening Notice.

None of the Directors is concerned or interested in the resolution at Item No. 8 of the Notice.

Item No. 9

The Shareholders at their 24th Annual General Meeting held on 25th June, 2007 approved the appointment and remuneration of Mr. Suresh Thawani as Managing Director of the Company with effect from 10th March, 2007 to 9th March, 2010 or attaining the age of 60 years, whichever is earlier upon the terms and conditions set out in the Explanatory Statement, which includes fixation of salary in the scale of Rs.50,000 – Rs.1,20,000 per month with

annual increments effective 1st April every year as may be decided by the Board based on certain criteria. Subsequently, at the 25th Annual General Meeting held on 14th July, 2008, the shareholders had revised the pay scale of Mr. Suresh Thawani, Managing Director, from Rs.50,000 – Rs.1,20,000 to Rs.80,000 to Rs.1,50,0000 per month with effect from 1st April, 2009.

Now it is proposed that the pay scale of Mr. Suresh Thawani, Managing Director, be revised to Rs.80,000 - Rs.2,50,000 per month (with proportionate increase in the value of the benefits related to salary) with effect from 1st April, 2009 for the remainder period of his current tenure with the authority to the Board/Committee to fix his salary within the pay scale from time to time. The annual increment will be merit based and take into account the Company's performance.

All other terms and conditions of his appointment and remuneration as approved by the Board in its meeting held on 7th March, 2007, and by the Shareholders at the 24th Annual General Meeting held on 25th June, 2007 will remain unchanged.

The draft agreement of variation between the Company and Mr. Suresh Thawnai is available for inspection at the Registered Office of the Company between 11-00 a.m. and 1-00 p.m. on any working day of the Company.

The Board commends acceptance of the resolution set out in Item No.9 of the convening Notice.

None of the Directors other than Mr. Suresh Thawani is concerned or interested in the Resolution at Item No.9 of the Notice.

This may also be treated as an abstract of the draft agreement of variation between the Company and Mr.Suresh Thawani pursuant to Section 302 of the Companies Act, 1956.

Item No. 10

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, except with the consent of the Company in general meeting, borrow monies apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid up capital and free reserves of the company, that is to say, reserves not set apart for any specific purpose.

The shareholders at the 24th Annual General Meeting held on 25th June, 2007, had accorded their consent to the Board of Directors for borrowing up to Rs.600 crores.

In view of the Company's fund requirements in the near future for development of its coal block, installation of washeries, power generation and transmission facilities, further expansions, acquisitions, growing operations etc. it is considered desirable to enhance this limit to Rs.1800 crores.

The Board, accordingly, commends acceptance of the resolutions set out in Item No. 10 of the convening Notice.

None of the Directors of the Company is concerned or interested in the resolution at Item No. 10 of the Notice.

By Order of the Board of Directors

Kolkata
22nd April, 2009

S. S. Dhanjal
Company Secretary

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT IN TWENTY-SIXTH ANNUAL GENERAL MEETING
(In pursuance of Clause 49 of Listing Agreements)**

Name of the Director(s)	Mr. N. P. Sinha	Mr. P.K. Lahiri	Mr. S.P. Mehrotra	Mr. Rajesh Chintak
Date of birth	21-01-1939	28-04-1937	26-4-1947	10-10-1967
Qualifications	B.Sc.Engg.(Elect.), PGDM I & S	M.A. (History), Dip (Development Studies), UK	M.Tech (Met. Engg.) & Ph.D in Met. Engg.	B.Tech (Elec. Engg.)
Date of appointment	18-01-2002	28-01-1997	08-08-2008	01-08-2009
Expertise in specific functional areas	Engineer	Retired IAS	Process Metallurgy, Mathematical Modeling & Simulation, Process Design, Development and control in Extractive Metallurgy.	Power Engineering, Business Excellence, Business Management, Greenfield project.
List of other Companies in which Directorship held (excluding in foreign companies)	1) Jamshedpur Utility and Services Company Ltd. 2) Tata Pigments Ltd. 3) Indian Steel & Wire Products Ltd. 4) Steel City Press Ltd.	1) Shiv Vani Oil & Gas Exploration Services Ltd. 2) Bharat Seats Ltd. 3) Viswakriya Housing Finance Ltd.	Uranium Corporation of India Limited	Rawmet Ferrous Industries Ltd.
Chairman/Member of the Committees of the Board of Directors of other Companies in which he is a Director (excluding in foreign companies).	1) Chairman of Remuneration Committee of Tata Pigments Ltd. 2) Member of Remuneration Committee of Steel City Press Ltd. 3) Member of Audit Committee and Remuneration Committee of Jamshedpur Utility and Services Company Ltd. 1) Chairman of Audit Committee and Member of Remuneration Committee of Indian Steel & Wire Products Ltd.	Chairman of Remuneration Committee, Member of Audit Committee and Shareholders' Grievance Committee of Bharat Seats Ltd.	None	Member of Audit Committee of Rawmet Ferrous Industries Ltd.
Details of shareholding (both own or held by/for other persons on a beneficial basis), if any, in the Company	1000 shares held in his name	Nil	Nil	Nil

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

Cheers and Chills

Across the globe, 2008-09 would be known as the two-faced year. The first two quarters gave reason for cheers, the last two, chills. Q1 and Q2 saw Tata Sponge Iron Limited riding high on a buoyant iron and steel market, enjoying its highest net realizations ever. Post October 2008, when the world grappled with the shock of global recession and the consequent meltdown, we at the Company also felt the ripples. Sponge iron prices dropped dramatically and sometimes touched almost the cost of production.

Sponge iron and power

Yet, as we reach this fiscal year's finishing line, we have a PBT of Rs. 181.17 crore, an increase of 33 % from last year. The reason: a heartening mix of strong fundamentals of the company.

While sponge iron profits from the first two quarters gave us a comfortable lead, the solid contributors of Q3 and Q4 were our two power stations, which generated approximately 181 million units. We sold power to the Joda grid coupled with operational cost reduction measures.

Power is a recession-proof commodity and sponge iron isn't. Remaining profitable through the meltdown needs internal excellence. For any company, the big picture lies within. This realization inspired us to look inwards. Resulting in some profound transformations that will benefit the company in times good and bad.

Looking Inward

First and foremost, we are stretching our intellectual capital to become a knowledge company. The pioneering e-associates Programme introduced last year, matured this year. It empowered our people with more vision, ownership and accountability. This year, we initiated a Daily Management Programme for officers to build their capacities for problem solving and changing mindsets. Second, we tackled a key

operational crisis — kiln shutdowns — through Critical Change Project Management process to optimize shutdown time. Third, we stressed on people motivation through a slew of measures: salary restructuring with separate fixed and variable pay segments, performance-oriented pay, custom-made Key Result Areas (KRAs), a personalized company newsmagazine called Sponge Times and more. Fourth, we accelerated our internal training in a cost-friendly and effective manner: hiring faculty from premier institutes to train more employees in-house instead of sending few people out. Fifth, we simultaneously overhauled and streamlined our human resource processes and systems for more stakeholder transparency and accessibility. Sixth, we intensified efforts to ensure both supplier and customer delight, as both are critical to our health. Last but not the least, we prioritized on our backward integration and growth: as a backward integration initiative, we are acquiring land in a phased manner for our ambitious captive coal block, and as growth initiatives, we are looking at a new railway siding for better logistics, timely arrival and delivery and elimination of demurrage among others.

Small Steps, Big Strides

With us, corporate sustainability goes way beyond feel-good jargon. It's evident in the way we became the first company in the TATA Group to earn carbon credit from our green power generating initiatives. We have widened Total Productivity Maintenance across every sector of the plant. It's visible in this year's Halla Bol ("Speak Out") campaign to facilitate institutionalized autonomous plant maintenance, demarcating 10 zones within the plant area. We're waging war on pollution and waste, following the 5S path (Organization, Neatness, Cleanliness, Standardization and Discipline) to workplace management, earning kudos, credit and cash! Our community development footprints are visible across 50 villages in five Gram Panchayats. And Vidya Shakti Niyas, an NGO started and run by the spouses of the company's officers, empowered by funds from the sale of bricks recycled from fly ash, has even adopted a village, Kanhupur. This reporting year, we carried our commitment to the community a step further: community volunteering is now formatted in most officers' KRAs.

The Triple Bottom Line

Our symbiotic actions made us introspect on the nature of our annual communication to our stakeholders. We realized that we needed to expand the ambit of corporate reporting to measure our social, environmental and economic successes and/or failures, through the “triple bottom line” or “people-planet-profit” approach, and share our findings with our stakeholders. Our corporate strategy is to work out a synergy between people, planet and profit. We realize that the triple bottom line is the only bottom line that counts. We are profiting, not at the expense of the people or the planet, but along with them. That’s the lasting legacy of an ethical enterprise.

SustainAbility on the Shop Floor Operations

Operationally, the Company witnessed record production of 3, 42, 074 tonnes of sponge iron. But more significantly, operations was a core area where the Company tried to move into what business ethics experts call the “sustainability sweet spot”, that is, where pursuit of profit blends seamlessly with the pursuit of common good.

As a result, optimum utilization of resources streamlined operational efficiency, saved expense, and earned profits both quantifiable and intangible.

For the first time in India, we started to mathematically model our kilns operations. In this process, before putting raw material inside kiln, we mathematically calculate process data, shifting dependence from man to system. A bold initiative was to introduce Critical Chain Project Management (CCPM) which emphasizes on resources rather than rigid scheduling, thereby reducing plant shutdown days.

Another milestone: we instituted the Safety, Health, Environment, Quality Management System, making us the first Indian coal-based company to do so. Total Productivity Maintenance is implemented within the plant following the 5-S approach towards a three-pronged goal: zero-accidents, zero-rejections and zero-breakdowns. We upgraded last year’s e-associate Programme whereby even workers are able to document standard operating procedures on their own, giving rise to a new motto: “I operate, I maintain.” There’s more: an electronic log book was established thereby feeding operational data online enabling us to analyse the performance of our three kilns more transparently.

In a tremendously volatile commodity market, we balanced our inventory of raw material judiciously without compromising on continuous plant operations.

Our no-compromise dictum was visible in our operational safety thrust — the OHSAS-18001 certification mandates stringent safety guidelines for workers, contractors and vendors.

Finally, what made 2008-09 operationally remarkable was its accent on clean energy technologies. Plant waste heat generated record power units and hence carbon credits. The Company’s two power plants operated on 79.47 % plf, generating around 181.01 million units in the reporting year. Of this, one-third was consumed internally, which included operating pollution control equipment.

Operations: The TBLScore

People: Human capital more empowered, accountable and safe

Planet: Operations geared towards reducing greenhouse emissions and generating power through waste heat

Profit: Accrued through clean sponge iron and green power

SustainAbility on the Balance Sheet Financials

Posterity would remember 2008-09 as the year of the great contrast, as the first two quarters gave no inkling of what was to transpire in the last two. In the third quarter, as prices crashed globally, manufacturing units

struggled to keep their heads above water. Sponge iron prices fell from high of Rs. 24,000 a tonne to almost half. In such a scenario, the sound balance sheet of Tata Sponge Iron Limited is an example of corporate prudence and foresight.

Operations, innovations and marketing converged their best practices to insulate the Company as far as possible from the global meltdown. However, revenue from sponge iron in Q1 and Q2 did get affected. But there were some positive developments as well. As the Reserve Bank of India responded to the global crisis by boosting liquidity, the main stimulus was greater thrust on infrastructure, which translates to greater demand for long steel products. In India, secondary steel units manufacture more long steel products. With sponge iron being a principal raw material for secondary steel makers producing long steel products like rods, angles and channels, in some pockets the demand for sponge iron continued to exist.

However, it was unimaginable to expect sponge iron prices to pick up. In this scenario, the Company's captive power plants hedged all risks in the last two quarters. Despite recession, power demand could swing only upward, which it did. Our power plants provided a thick cushion to profits from sponge iron.

In the year under review, the company cleared all its term loans to become a zero-debt company with a comfortable working capital. It not only maintained its EVA-positive status, but also improved upon its performance since last year. Other financial sustainability indicators include highest ever PBT, PAT, EPS and EVA. All these factors give the Company a good leverage for borrowing, if it needs to do so. With around 80% of the Company's expenditure being raw material like coal and iron ore, the main thrust is attacking input cost. The Company's surplus is earmarked for investment in its upcoming coal block and others to strengthen its fundamentals. However, to honour shareholder trust, it is offering shareholders a dividend of 80%.

Financials: The TBLScore

People: More value for its five stakeholders: shareholders, employees, community, customers & suppliers

Planet: Investments in clean technology mechanisms

Profit: A healthy balance sheet to expand the Company horizontally and vertically

SustainAbility in the Marketplace Marketing

Marketing of a commodity product like sponge iron in a global recessionary market is possible only when the company markets quality products with intangible values. Where dealers and customers are equal stakeholders of the company. Where the downturn is not an excuse to lower either product quality or service. Where customer relations prove stronger than the market ripples.

Despite a weak market, TSIL sold all its products throughout the year. For the Company, the main marketing thrust was building and keeping long-term contracts with 80 % of our customers. This explains our higher net realizations.

We used the downturn as an opportunity to serve our customers better, adding several value-adds to our product as a bundled package. First, despite market volatility, we did not re-negotiate price keeping the contract sacrosanct. Second, we brought down the order-to-delivery cycle from a fortnight to 10 days. Third, we brought down the time to address customer complaints from 21 to 7 days. Last but not the least, we leveraged the TATA brand to position ourselves as an ethics-driven company, creating trust in the customers' minds.

These could not have transpired without internal quality checks in our processes, systems and human capital. We collaborate closely with Operations, Quality Assurance and Dispatch to deliver the best value-for-money to our customers. Processes are dictated by customers: for example we calibrated the quantity of tonnage in dispatch bags through micro-controllers in bags, reducing weight variation from about 10% to 1%. So customers do not need to weigh bags before putting the sponge iron into their furnaces.

We are aware that eventually all forms of differentiation in marketing and branding can eventually be copied. We're continually looking for ways to innovate, create customer value, and stay ahead of the curve.

Marketing: The TBLScore

People: Building an ecosystem of trust for customers

Planet: Marketing clean sponge iron

Profit: Ensuring healthy numbers through differentiation and brand value

SustainAbility in Intellectual Capital Human Resources

People are the prime movers of any organization, and TSIL is no exception. We have a talent pool of a skilled, experienced and committed workforce, which aligns its individual goals with the business objectives of the Company. A fact which has been conclusively proved in 2008-09, as our people proved their mettle through enhanced capacity utilization and productivity, as well as a high degree of ownership and corresponding low attrition rates.

As the economy went into a deep freeze, the major concerns of our HR became recruiting and hiring, performance management, employee development and training, team building, and safety and health programmes.

Specifically, the thrust was on acquiring, retaining and managing talent to insulate the Company from the risk of talent attrition. As a result, the salary structure was revamped, with the introduction of performance-driven pay and variable pay. To focus on job satisfaction and ownership across all tiers of the Company, several KAIZEN projects and worker ideas and suggestions were implemented. The e-Associate Programme, started in collaboration with the Shavak Nanavati Technical Institute, Jamshedpur, last fiscal, matured this year. Its vision of empowering shop-floor employees to transfer learnings and knowledge among peers and performing tasks through standardized, structured and safe operating practices was accepted enthusiastically. The shop-floor workforce learnt to build capabilities and boost their decision-making skills, leading to optimum utilization of resources. Associates also became capable of documenting Standard Operating Procedures of their tasks in a more realistic manner for easy understanding and implementation.

To create a more flat, transparent and merit-driven structure, the senior management underlined its focus on decentralization of power and delegation of authority. Communication channels between all tiers were opened like never before. The senior management shared the Company's goals, strategies and concerns with the workforce. Sponge Times, the Company's newsmagazine, served to bind people closer. Inputs gained from exit interviews, individual counseling and transparent appraisal mechanisms also helped in reaffirming the positive perception of the Company in the minds of employees.

Small wonder, that the attrition rate during 2008-09 is around 12% for officers and a mere 2% for the unionized category. What's more, the Company continued to enjoy a vibrant and symbiotic relationship between management and workforce.

Human Resources: The TBLScore

People: Motivating our talent pool to realize its potential for individual and collective achievement

Planet: Encouraging operational and ethical excellence among workforce to promote clean and green business practices

Profit: Raising the bar for human achievement, and hence, the performance of the Company

SustainAbility in Green Mechanisms Environmental Policy

TSIL is aware that our core competency — manufacturing sponge iron — cannot be eco-friendly. But we endeavour to do what any ethical manufacturer across the globe would; we try our best to innovate and implement green mechanisms that minimize damage to the environment and the community we operate out of.

A big step in this direction is getting our Company standardized as per ISO 14001:2004 requirements. This standardization demands that the company or the organization should formulate an environmental management system (EMS) wherein the developed and implemented policy and objectives of the company would take into account legal requirements. Moreover, any ISO 14001:2004 company must share information about significant environmental aspects with its stakeholders.

A recessionary environment sometimes puts clean and green concerns on the backburner. However, for TSIL it was never so, as we believed that they were right at the core of building a sustainable enterprise. In the year under review, we reshaped our energy use in a more sustainable manner, through a three-pronged,

convergent model of renew-reuse-recycle. All initiatives were launched after comprehensively aligning EMS goals with an aspect impact study following the PDCA route: Plan-Do-Check-Act.

A major green feather in our cap were our captive power plants that utilized waste hot gas for power generation used for our plant operations and sale (See Operations). In the last two quarters, generated surplus power proved to be the important revenue earner for TSIL. Significantly, power generation also earns us carbon credits. In layman terms, carbon credits are certificates issued under the UN Framework of Climate Change (Clean Development Mechanism, Kyoto Protocol) to companies that reduce their greenhouse gas emissions, which can then be sold to companies who cannot fulfill stringent global protocol norms. However, this is no cause for complacency, and we continued to work towards reducing our energy costs, without compromising on costs incurred in using generated power to run pollution control equipment.

The Company continued to be a zero-discharge company with efficient waste management systems and processes. Wastewater was reused for gardens and cleaning. Electrostatic precipitators filtered air pollutants of up to less than 50 microns. Dust extraction systems were in place for all the dust generating areas in the entire plant. Road vacuum-sucked dust cleaners are working round the clock. To monitor ambient air, high volume samplers were situated at four corners of the plant, measuring and regularly monitoring ambient air quality (SPM & RSPM), fugitive dust and gaseous pollutants. Acoustic enclosures located across 18 points in the plant/shop floor 'boxed' noise pollution. Used oil, a hazardous waste, was sold off in sealed containers to parties as per Pollution Control Board guidelines. Low lying areas were filled up with char areas, electronic waste was accumulated at one place, and used batteries were sold only to authorized dealers. Fly ash recycled into fly ash bricks were sold under the brand name, Jeet.

In 2008-09, an initiative that proved extremely successful, project Halla Bol or War on Waste under Total Productivity Maintenance, took off on the idea of a Treasure Hunt, and turned it around. Going beyond shop floor confines, as a part of our afforestation activities, 3,000 saplings were planted, adding our tally to 1,54,000 saplings. Our planted saplings had a survival rate of 93%, with TSIL looking after their post-planting requirements like manure, water and fencing.

To make ourselves more accountable, we hired third-party assessors, Assess Environics, Bhubaneswar, for an environment impact assessment of our presence on the bio-diversity of this region. Their findings gave us reason for cheer: no threat to the surrounding flora or fauna was discerned. Data collection on the impact

of clean and green mechanisms often remains insufficient. To rectify this, external consultants M/s Ernst & Young were hired in November 2008 for greenhouse gas accounting in collaboration with an in-house team from TSIL.

Last but never the least, environmental safety is incomplete without preserving the safety of the people. The OHSAS-18001 certification mandates safety guidelines for our workforce, including contractual labour (trained for six hours intensively right on joining). The OHSAS Risk Assessment rests on five pillars: elimination, substitution, technical intervention, warning signage, training and administrative control, and distribution of personal protective equipment (PPE). PPE like nose masks, gloves, helmets, etc, are compulsory for the workforce. Safety is an intrinsic part of all documented Standard Operating Procedures, to be followed, taught and monitored at every step.

Environment: The TBLScore

People: Enabling people to work in a safe, healthy and sustaining environment

Planet: Reducing the negative impact of greenhouse gas emissions and creating positive synergy between human beings, industry and ecosystem

Profit: Earning revenue through energy efficiency, carbon credits and waste recycling

SustainAbility in Business Excellence Quality Checkpoints

Through the Group's Tata Business Excellence Model (TBEM) adapted from the renowned Malcolm Baldrige archetype, the Company was calibrated by trained assessors to annually measure how far its systems and processes were aligned to its business goals related to twin benchmarks: excellence and ethics.

In the fiscal under review, the Company inched further towards process maturity, bettering last year in terms of approach, deployment and results. The Company aspires to win the JRD Quality Value Award named after the legendary late J R D Tata, as one of its short

term goals. This award was instituted to formally award Group companies who stretched their performances under TBEM to cross 600+ points for the first time.

Behind every award or applause is a story of tireless toil. Throughout the year, various departments dovetailed their initiatives across various parameters to deliver greater value to both our internal and external customers. A deeper and wider deployment of TPM resulted in tangible improvement in areas like raw material procurement, production, kiln operation, finished product bagging and transport, as well as plant maintenance, occupational safety and employee training.

For example, every process during production was broken up into its micro activities whose risks were then assessed and classified into three categories: acceptable, significant or unacceptable. De-risking involved following all OHSAS-18001 mandates. We also nurtured the e-Associate Programme that enabled workers to collaborate and document Standard Operating Procedures (SOP) of tasks. Each SOP underwent a series of filtration until its final approval and translation into the local language, Oriya.

Training officers involved identifying their training needs and then developing their competencies and managerial traits with Company's short term and long term growth plans. Other knowledge sharing initiatives that boosted both knowledge and morale

were the in-house workshops and seminars, sessions by external experts and feedback received, among others.

Employee appraisal grew in importance, as we realized it was an important performance motivator. Corporate performance was measured by marrying short and long-term Company goals with those of individuals: individual Key Result Areas (KRAs) were aligned with the Corporate Balanced Scorecard, an organization's framework to implement and manage its enterprise across tiers by linking objectives, initiatives and measures to its strategy.

Our efforts manifested in a slew of rewards: longer kiln campaign days were achieved, employees were empowered with defined goals and career growth charts, the plant proved to be a safe and congenial site of work, economic and environmental performances were mutually beneficial, the relationship between the union and management remained congenial and finally, all the stakeholders noticed how the benefits of our efforts were passed to them.

Quality: The TBL Score

People: Meeting and exceeding the expectation of all the stakeholders

Planet: Care for the mother earth

Profit: Accruing tangible business results and intangible goodwill

SustainAbility of Social Entrepreneurship

Corporate Social Responsibility

Every enterprise, by definition, is social, as it involves a collaborative process. But as a TATA Group Company, our goal is to profit, not at the expense of the community, but along with them. In adhering to this principle, TSIL continued on its two-fold process of social entrepreneurship: one, under its corporate social responsibility umbrella, and two, through the ambit of Vidya Shakti Niyas, the charitable NGO formed and run by the spouses of TSIL officers.

Affirm & Act

India continues to be a paradox: ranking a global 2nd as far as the economic growth rate of nations is concerned on one hand and ranking low on global human development indices on the other. According to the U N Human Development Report, 2008, India ranks 132 on the Human Development Index, below Equatorial Guinea and Solomon Islands, slipping five points from 127 in 2004. According to the U N Millennium Development Goals Report, 2008, India trails Sri Lanka and Maldives in meeting MDG targets.

Only 3-4% of India's GDP is spent on education, far less than countries like Namibia or Bolivia.

TSIL knows that making a real difference is easier said than done, but it is easier done with an empathetic, bottom-up and need-based approach. An approach that won us both acceptability and awards like the TERI Award in the past. Besides the deeply ingrained TATA values of integrating community and environmental wellness with corporate competitiveness, we also follow the 10-point CII Code of Conduct for Affirmative Action.

For the Company, social enterprise is about a holistic approach, converging issues of health and access to health systems, safe water supply, education, livelihood, infrastructure building, natural resource management and so on. We are present across five Gram Panchayats near our plant site comprising 38 villages, mostly comprising Scheduled Tribes and Scheduled Castes. Significantly, all the community stakeholders — one sarpanch, one nominated sarpanch, one village elder (senior citizen), and two TSIL representatives — form a committee which reviews the need for any proposed activity and works together to implement it.

Like in the previous years, the Company worked with the community and representatives from the Central and state governments, in a congenial spirit of give-and-take. However, radically, in the context of corporate social responsibility, we institutionalized social volunteering in employee KRAs, which impacted individual appraisals. In the fiscal under review, our main initiatives continued to be need-based and implemented collaboratively.

Here's an overview of the Company's activities in the fiscal under review.

TSIL for India

■ When the Kosi river in Bihar ran amok in August 2008, about 20 lakh people were directly affected by the floods. Extending a hand of solidarity, the TSIL Board approved a donation of Rs 4, 50, 000 for flood victims. Several employees also contributed up to one day's salary.

■ Mumbai's 3-day terror attack in November 2008 shocked the entire nation. The TSIL Board approved a donation of Rs 1 lakh to The Taj Public Welfare Trust for victims of Mumbai tragedy in November 2008.

TSIL in schools

■ Rural schools need infrastructure to properly implement the government's mid-day meal scheme, which may not always exist. The Company filled a gap in Sialjoda village by building a pucca kitchen-cum-dining hall for its Primary School.

■ In Birikala Gram Panchayat, the Company built a boundary wall around Lahanda UGUP School and Narayanpur Primary School boundary wall for the security of students, staff and school infrastructure.

■ The Company constructed a primary school building at Narayanpur village.

■ The Company distributed steel benches and desks for students at three primary schools at villages Nungothani, Guguduri and Lahanda.

■ The Company distributed two computers and a printer at 2 high schools in Bileipada and Anseikala Maa Santoshi High School, where visiting officers taught rural children MS Word, MS Excel and Internet basics.

TSIL in sports and cultural activities

■ The Company sponsored an inter-sub-divisional football tournament at Sankarpur village

■ The Company also conducted a Joda block-level football tournament at Ramachandrapur village.

■ The Company sponsored an inter village cultural competition program at Govindpur village.

■ The Company sponsored a Ho tribal dance competition at Bileipada village.

TSIL for health

■ To reduce instances of malaria, the Company distributed 8050 free mosquito nets among 38 villages in nearby 5 Gram Panchayat areas.

■ The Company conducted weekly medical camps comprising diabetes detection, eye care, and blood donation, among others.

■ The Company's dispensary functioned as a TB detection centre under RNTCP, sponsored by the Orissa State Government.

■ Weekly free medical check-up camp and free distribution of medicines to the villagers at 5 villages for the villagers residing in nearby areas.

TSIL for drinking water

■ The Company dug two deep bore wells at villages Bhagalpur and Sankarpur, respectively.

■ The Company also repaired defunct tube wells at 23 villages.

TSIL as job-creator

■ The Company gave a power tiller to be rented or used by rural self-help groups in the area.

■ The Company offloaded some of the contracts to nearby villagers, especially Scheduled Tribes and Scheduled Castes.

Vidya Shakti Niyas

Service with Soul

Vidya Shakti Niyas (VSN) — a nine-year-old charitable trust run mainly by the spouses of TSIL officers — is based on a unique concept that merges eco-friendliness with social uplift. Since 2003, TSIL's waste fly ash is recycled into high-end fly ash bricks by proportionately combining gypsum, lime sand and fly ash. These bricks are branded under the name of Jeet Fly Ash Products. True to their name, the bricks proved to be winners in the marketplace, and the revenue they generated was used to fund VSN's activities.

With Jeet fly ash revenues, VSN members had ample scope to expand their ambit of activities in 23 villages.

Which they did, in full measure: even going ahead and adopting an underprivileged village with a 100% Scheduled Tribe population, Kanhupur, with the objective of developing it into a model village. In the fiscal under review, our main initiatives hinged around the following heads:

Adoption of village Kanhupur

- **Social Entrepreneurship:** Training modules and courses on making soaps, costume jewelry, candles, eggless cakes, as well as embroidery and tailoring were devised and run for rural women; driving and electrician courses were devised for rural men in which few women also successfully participated; pisciculture and vegetable cultivation were introduced to create wealth.
- **Self Help:** Two self-help groups, Shiv Shakti and Marshal, were formed from within the community.
- **Back to School:** Extra rooms and a boundary wall are being built for the existing primary school, while students have already received uniforms, schoolbags, sports kits, benches and desks and study material; skits and AVs were shown to motivate the 50% of children who did not attend school, while blankets and mosquito nets were given to students of Kanya Ashram, a government-run residential school for girls.
- **Mother & Child Care:** Pregnant women and lactating mothers were given Prolac, a nutritious health food supplement.
- **Family Planning:** Female and male contraceptive awareness — through both permanent and temporary measures like oral pills, condoms, Copper-T and surgical procedures — was generated.
- **Lunch Special:** A special supplement of vegetables and boiled egg was added to the government's free midday meal for school kids.

Health Measures

- To operate Daduan village resident Basanti Munda's ovarian tumour weighing 32kg, VSN donated Rs. 58,000 towards medical expenditure. The operation was telecast on ETV Oriya, a reputed satellite channel.
- Conduction of medical camps and distribution of mosquito nets, blankets, shawls, and other necessities to the BPL villagers continued at regular intervals throughout the reporting year.
- Monthly medical facilities were given to Jeet Fly Ash Unit workers.
- Medical camps conducted by TSIL's chief medical officer and free distribution of medicines were well-attended by villagers.
- Skits on malaria awareness and healthy practices were conducted for the largely illiterate SC/ST villagers.
- On December 10, 2008, World AIDS Day, HIV/AIDS

awareness drives were targeted at masses and high-risk groups like contract labourers, drivers and helpers. VSN's goodwill ensured that people gave a patient hearing.

Educational Support

- As a part of commitment to deserving students to pursue professional/technical courses, two students from the less-privileged section of the local community were sponsored for a 4-year B E course at the Orissa School of Mining Engineering at Keonjhar.
- Four male students from village Daduan were given full sponsorship for a two-year technical course from Budhivir Industrial Training Centre, Rourkela.
- Scholarships were granted to brainy rural SC/ST students.
- BD High School, Kandara village, and Nodal UP School, Anseikela village, were each granted a sum of Rs.24, 000 to buy books and study materials.
- Maa Dwarasuni High School, Chamakpur village, and Maa Santoshi High School, Anseikela village, were granted study materials.
- Students of Government School, Basudevpur village, Nodal UP School, Anseikela village, and UP School, Deojhar, were given blankets in winter.

Capacity Building

- **Sportsman Spirit:** Rural school children competed with each other on the field, thanks to VSN's athletics sponsorships.
- **Summer Camps:** Rural schoolchildren got the chance to explore their talents through an activity-based summer camp.
- **Job Creation:** Villagers were routinely given contractual jobs at Jeet Fly Ash Unit.
- **Infrastructure:** VSN donated 50,000 Jeet fly ash bricks to Bharat Seva Sangha to construct homes for the poor.
- **Tiny Steps:** The 112-children strong Shishu Prem Nursery School run under the aegis of VSN was equipped with the latest learning methodologies, including motor skills and psycho-social behaviour.

CSR: The TBLScore

People: Setting a strategic, sustainable and scalable development plan in motion for community in surroundings

Planet: Mentoring a synergic relationship between entrepreneurship, ecology and community

Profit: Creating wealth with community support instead of resistance, minimizing ecological damage for sustainable business operations

SustainAbility in Principle

Corporate Ethics

“One hundred years from now, I expect the Tatas to be much bigger than it is now. More importantly, I hope the Group comes to be regarded as being the best in India, best in the manner in which we operate, best in the products we deliver, and best in our value systems and ethics.” *Ratan Tata, Chairman, Tata Group*

As a part of the Tata Group, TSIL is committed to following the tenets of the Tata Code of Conduct (TCoC), which articulates the values and principles with which the Tata Group of companies and their employees govern themselves. The TCoC, formalized in 1988, was revamped in 2008 and comprises 25 Clauses covering a vast range of issues that confront corporate governance and ethics in the millennium.

In the year under review, TSIL rigorously followed the ethical practices laid down by the revamped TCoC. For instance, in Clause 4, TCoC dictates how each Group Company must be an Equal Opportunities Employer, providing equal opportunities for employee growth, without regard for their race, caste, religion, colour, ancestry, marital status, gender, sexual orientation, age, nationality, ethnic origin or disability. It requires companies to comply with existing labour laws and encourage diversity in the workplace. TSIL followed it stringently, ensuring human rights for all its human capital across tiers, as well as contractual labour and vendors. TSIL also respected the privacy

of all its employees, maintained a transparent “whistle-blower” policy and kept its workplace free of physical, psychological and verbal harassment. Added to it is Clause 8 on Health, Safety & Environment, based on which, TSIL adheres to norms of safety for all stakeholders on the site, safe disposal/recycling of waste as well as environmentally safe manufacturing processes. TSIL also says a firm no to child labour as a matter of policy.

Again as a matter of principle, the Company follows TCoC Clause 5 concerning all matters of Gifts and Donations, to eliminate bribery and corruption. Both Clauses 2 and 3, entitled Financial Reporting and Accounts and Competition, respectively, address prevention of unfair trade practices. TSIL also followed transparent auditing and accounting of financial records and supported in theory and practice, competitive open markets without making unfair/ misleading statements about competitors or indulging in any unfair or restrictive trade practices.

Corporate Ethics: The TBL Score

People: Creating respect and goodwill for a spectrum of stakeholders for the Company and TATA brand

Planet: Directing business ethics towards protection of planet quality

Profit: Creating ethical, inclusive and imaginative policies to enhance corporate governance and maximize clean profitability

DIRECTORS' REPORT

TO THE MEMBERS,

The Directors take pleasure in presenting the Twenty-sixth Annual Report on the business and operations of the company and its financial results for the year ended 31st March, 2009.

FINANCIAL RESULTS

	Current year Rs. in lacs	Previous year Rs. in lacs
2. (i) Sales (Net of Excise Duty) and other income	62828	48003
(ii) Profit before depreciation and other non-cash expenses	19948	15609
(iii) Depreciation and other non-cash expenses	1831	1965
(iv) Profit for the year	18117	13644
(v) Provision for Current Tax	6285	1948
(vi) Provision for Deferred Tax	(262)	2112
(vii) Fringe Benefit Tax	27	31
(viii) Profit after tax	12067	9553
(ix) Profit brought forward from previous year	948	456
(x) Profit available for appropriation	13015	10009
(xi) Dividend: 80% (2007-2008 : 70%)	1232	1078
(xii) Tax on Dividend	209	183
(xiii) Transfer to General Reserve	10657	7800
(xiv) Surplus carried to Balance Sheet	917	948
	<u>13015</u>	<u>10009</u>

DIVIDEND

3. Keeping in view good financial results and fund requirements in the near future, the Board has recommended a dividend of Rs.8 per share (80%) on 1,54,00,000 equity shares of Rs.10 each for the financial year ended 31st March, 2009, subject to approval of the shareholders at the ensuing Annual General Meeting. The total outgo on account of dividend (ex-taxes) will be Rs. 1232 lacs as against Rs. 1078 lacs in the previous year.

OPERATIONS

4. During the year, all the three kilns were in operation and produced 3,42,074 MT of sponge iron compared to 3,32,264 MT in the previous year. The capacity utilisation was 88% as compared to 85% in the previous year, i.e. an increase of 3%.

Iron ore and coal are two major raw materials for smooth operation of kilns. Tata Steel Ltd. continued to support the company by supplying the entire quantity of iron ore. Indigenous coal is supplied by Coal India Ltd. through long term linkages, but not in sufficient quantity. The company had to purchase washed indigenous coal from local market and had to import coal for meeting both the quantitative and qualitative improvements/requirements.

The despatch of sponge iron during the year was 3,42,920 MT as compared to 3,29,002 MT in the previous year, i.e. an increase of 4%.

FINANCE

5. Due to economic slow down and drastic slump in commodity markets from the later part of the year, price realisation for sponge iron declined. Because of higher realisations during the first seven months of this fiscal, the earning per share has gone up (Rs.78.35) as compared to previous year (Rs.62.03). Further, by paying back the entire outstanding of term loan, the company became debt free during the second half of the year.

POWER

6. During the year, both the power plants (of 7.5MW and 18.5 MW capacity) together produced 181.01 million kwh of electricity and 124.82 million kwh (net) of surplus power was sold. There was marginal increase in the selling price of power from March, 2009, and full impact will be realised only in next fiscal year.

DEVELOPMENT OF COAL BLOCK

7. The preliminary work in connection with development of coal block at Radhikapur (East) and Utkal-F in Talcher coalfields was started in 2006-07. More progress has been made during the year in this project. Mining plan was approved by Ministry of Coal, Government of India. The company is evaluating the options for financing this project from one or more sources. The coal block is expected to become operational from 2011-12.

TATA BUSINESS EXCELLENCE MODEL (TBEM)

8. Based on the report received from the external assessors, further efforts were made by the company to improve its business

processes across all functions. During the year the company participated in JRD-QV Quality Award competition and registered a score higher than previous year. With this improvement, the company has opted Cycle I (April) for submission of next application as compared to Cycle II (August) as in the previous years. More employees have been trained to strengthen the TBEM movement in the company.

ENVIRONMENTAL MANAGEMENT SYSTEM (EMS)

9. The company continues to lay emphasis on environmental management by implementing and maintaining Environment Management System, ISO : 14001. The company is a role model for coal based sponge iron industry in the field of environmental management. During the year, the external assessors (IRQS) have recommended for renewal of ISO 14001 : 2004 certificate

In recognition of the relentless efforts by the company towards combating climate change, the company won the first national level "Earth Care" Award instituted by JSW and Times of India with technical support from The Energy Research Institute (TERI) and Centre of Environment Education (CEE). 2008 was the first year of this award.

QUALITY MANAGEMENT SYSTEM (QMS)

10. The company also continues to maintain the ISO-9001 (2000) quality standards. During the year external assessors (IRQS) have recommended for renewal of the ISO-9001 (2000) Certificate. The company has won the prestigious CII (ER) Quality award in recognition of the company's position as an industry leader with known track record of success in turning strategy into action and continuously improving the organization's performance. The company was also certified as a Model TQM Company for 2008-09 in an industry wide contest conducted by CII (ER).

OCCUPATIONAL HEALTH & SAFETY ACCOUNTABILITY SYSTEM (OHSAS)

11. The company gives due importance to avoidance of occupational hazards and ensuring safety of the employees and others. Towards this, the company has adopted OHSAS 18001 : 2007 Standards for Occupational Health & Safety, which was also certified by the external assessors (IRQS) during the year.

The company has now qualified for the Integrated Management System (IMS) for EMS, QMS & OHSAS.

LISTING FEES

12. The Annual Listing Fee for the year 2008-09 had been paid to those Stock Exchanges where the company's shares are listed.

DIRECTORS

13. Mr. Sudhir Deoras, relinquished his office of Director of the company on 15th July, 2008.

The Board placed on record its deep appreciation of the sincere services and invaluable advice rendered to the company by Mr. Sudhir Deoras during his association as a Directors on the Board of Directors of the company.

14. Mr. S. P. Mehrotra, who was appointed Additional Director on 8th August, 2008, and who holds office up to the date of the forthcoming Annual General Meeting of the company, has been proposed in writing by a shareholder for the office of Director.
15. Mr. N. P. Sinha retires by rotation and, being eligible, offers himself for re-appointment.
16. Mr. P. K. Lahiri retires by rotation and, being eligible, offers himself for re-appointment.
17. Mr. Sanjay Kumar Pattnaik, who is also due to retire at the forthcoming Annual General Meeting, had informed the company that he does not wish to seek reappointment. A resolution pursuant to Section 256 of the Companies Act, 1956, for not filling the vacancy caused by the retirement of Mr. Sanjay Kumar Pattnaik has been included in the Notice of the 26th Annual General Meeting.
18. The Company has received a notice from a member of the Company proposing the candidature of Mr. Rajesh Chintak as Director of the Company.

CORPORATE SUSTAINABILITY

19. Being in Tata Group, the company has for long years undertaken steps towards welfare of society around it, community initiatives, periphery development, environment protection and improvement, among others, besides conducting normal business and contributing to exchequer through various taxes/duties etc. At the same time, the company also focuses on employees' health and safety, skill development, superior living conditions, to name a few. Threat of global warming and climate change is being addressed through a specific study to measure carbon foot print and take steps to mitigate the Green House Gas emissions.

Corporate sustainability is aligned with Triple Bottom Line approach by complying with –

- | the UN Global Compact, addressing ten principles relating to human rights, labour, environment and anti-corruption measures;
- | Guidelines of Tata Council for Community Initiatives (TCCI)

A detailed report on Corporate Sustainability based on Triple Bottom Line approach is appearing elsewhere in the Annual Report.

20. The year 2008-09 would be remembered as the year of tragedies in India. Firstly, the State of Bihar was struck by devastating floods which was declared as national calamity. Hundreds of people died and thousands rendered homeless or suffered otherwise. The family members surviving this calamity needed moral and financial support. Therefore, the company rose

to the occasion and donated a sum of Rs.450000 for relief work through Tata Relief Society. Several employees of the company also contributed up to one day's salary towards this noble cause.

Secondly, the horrifying terror attack in Mumbai in November, 2008, left several people dead/inured. Therefore, to help the victims of this tragedy, the company contributed a sum of Rs.100000 to the Taj Public Service Welfare Trust.

At the same time the Board sent its deep condolences for those who lost their lives in Bihar flood and also in Mumbai tragedy.

INCLUSIVE GROWTH

21. The concept of inclusive growth through Affirmative Action has been adopted by the company in the past. Further efforts have been made by the company during the year to strengthen this concept.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

22. As required under Sub-section 1(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed to this report.

PARTICULARS OF EMPLOYEES

23. As required under Sub-section 2A of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, the particulars of such employees are given in a statement annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

24. Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the Operating Management, confirm that: -
- (i) in the preparation of annual accounts, the applicable accounting standards have been followed and that there are no material departures;
 - (ii) they have, in the selection of accounting policies, consulted the statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year 2008-09 and of the profit of the company for that period;
 - (iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
 - (iv) they have prepared the annual accounts on a going concern basis.

REPORT ON CORPORATE GOVERNANCE

25. Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, the followings form part of this Annual Report :
- (i) Managing Director's declaration regarding compliance of Code of Conduct by Board Members and Senior Management personnel;
 - (ii) Management Discussion and Analysis;
 - (iii) Report on the Corporate Governance;
 - (iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance.

VOLUNTARY DELISTING OF THE COMPANY'S EQUITY SHARES FROM CERTAIN STOCK EXCHANGES

26. The Equity Shares of the company have been voluntarily delisted from The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd. during 2004-05, from Bhubaneswar Stock Exchange during 2006-07 and from Calcutta Stock Exchange Association Ltd. during the year 2008-09.

Shares of the company are actively traded in the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd.

AUDITORS

27. The Auditors, Messrs Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment.

ACKNOWLEDGEMENT

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

On behalf of the Board of Directors

A. D. Baijal
Chairman

Kolkata,
22nd April, 2009

ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY :

A) Power and Fuel Consumption

	2008-2009		2007-2008	
	Unit KWH	Amount Rupees	Unit KWH	Amount Rupees
1) ELECTRICITY				
a) Purchased				
Unit/Amount	184800	786338	336750	1534481
Rate per unit		4.26		4.56
b) Own Generation				
i) Through Diesel Generator	—	—	6950	52372
Units per litre of Diesel (KWH/Ltr.)	—	—	4.44	
Cost per unit		—		7.54
ii) Through Steam Turbine Generator				
Unit / Amount (Consumption) #	53685581	40561580	51168953	49971129
Cost per unit		0.76		0.98
# Consumption includes 17124410 KWH consumed in generating power plant, but excludes 124824600 KWH sold and 2501219 KWH consumed in the township.				
2) COAL	Unit (MT)	Amount Rupees	Unit (MT)	Amount Rupees
Consumption	458539	2072703328	480868	1461885373
Coal is used in the manufacturing process as reductant (please refer to Schedule 3 of Accounts)				
3) DIESEL OIL	Unit (Ltr.)	Amount Rupees	Unit (Ltr.)	Amount Rupees
a) High Speed Diesel				
Quantity / Value	—	—	1566	52372
Rate / Unit		—		33.44
b) Consumption per unit of production				
Electricity (KWH)	106.88		113.04	
Coal (MT)	1.34		1.45	
Diesel Oil (Ltr.)	—		0.01	

Note : Figures of the previous year have been regrouped wherever necessary.

TECHNOLOGY ABSORPTION :

A) Research and Development

- 1) Specific areas in which R & D was carried out by the Company : Nil
- 2) Benefits derived as a result of the above : Does not arise
- 3) Future plan of action : Not yet decided
- 4) Expenditure on R & D : Nil
 - a) Capital
 - b) Recurring
 - c) Total
 - d) Total R & D expenditure as a Percentage of total turnover

B) Technology absorption, adaptation and innovation :

- 1) Efforts in brief, made towards technology absorption, adaptation and innovation :
The plant has adopted Tisco Direct Reduction Process, which has been absorbed in full.
- 2) Benefit derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.
The Company achieves the metallisation acceptable to the user industry.
The Company is constantly endeavouring to bring about further development in the product. Sponge Iron produced by the Company has helped the country in saving the outgo of scarce foreign exchange resources by way of import substitution.

3) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished :

- a) Technology imported : Nil
 b) Year of import : Not applicable.
 c) Has technology been fully absorbed : Not applicable.
 d) If not fully absorbed, areas where this has not taken place, reasons therefor and the plan of action : Not applicable.

FOREIGN EXCHANGE EARNINGS AND OUTGO :

Earnings : Nil
 Outgo : Rs. 83,13,98,589

On behalf of the Board of Directors

Kolkata
 22nd April, 2009

A. D. Baijal
 Chairman

STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

Sl. No.	Name of the Employee	Designation/ Nature of Duties	Age	Gross Remuneration received (Rs.Lac)	Qualification	Experience in No. of years	Last employment held	Commencement of Employment
1.	Thawani, Suresh	Managing Director	58	54.08	B. Tech (Hons) Metallurgical Engg. Diploma in Electrical & Mechanical Engineering.	36	Jamshedpur Injection Power Ltd. Managing Director	10.3.2007

- NOTES : 1. Gross remuneration comprises salary, commission, allowances, monetary value of perquisites, Company's contribution to Provident Fund and Superannuation Fund, but excludes contribution to Gratuity Fund on the basis of actuarial valuation as separate figures are not available.
 2. The nature of employment of the above managerial is contractual.

On behalf of the Board of Directors

Kolkata
 22nd April, 2009

A. D. Baijal
 Chairman

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

This is to confirm that the Company has adopted Tata Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors. Both these Codes are available on the Company's website, www.tatasponge.com.

I confirm that the Company has in respect of the financial year ended March 31, 2009, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For TATA SPONGE IRON LIMITED

Kolkata
 22nd April, 2009

Suresh Thawani
 Managing Director

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENTS

- 1) The Indian economy after growing at over 9 % in 2005-06 and 2006-07 decelerated to 8.7 % in 2007-08 due to beginning of slowing down of world economy and inflationary pressures in India. Consequently, the sponge iron industry after growing to a level of 266 million tpa in 2007-08 continued growing in the first half of 2008-09. However, rate of growth was reduced in the second half due to world wide economic slowdown which hit the commodity market severely. Many sponge iron manufacturers were adversely hit by the lower demand coupled with lower selling prices from later half of the year. Even in this scenario, the Company was able to produce and sell its entire production.

The company operates three kilns with an installed capacity of 3,90,000 tons per annum to produce Sponge Iron which is a source of metaliks for the secondary steel producers, employing induction furnaces or electric arc furnaces for producing steel.

Two power plants of the company based on waste heat from kilns with a combined generation capacity of 26 MW produced power satisfactorily. Entire surplus power which was about two third of generation was exported. This revenue provided cushion to shrinking bottom line due to fall in price of sponge iron in the later part of the year.

Availability of desired quantity and quality of raw materials, both iron ore and coal is important factor for sponge iron making and kiln operations. Tata Steel supplies full quantity of iron ore. Only about half the quantity of coal is given by Coal India Ltd. To make up for shortfall in quantity of coal, the company buys washed coals from an indigenous source and imports coal for balancing the volume needed and for improving the average quality of coal. Deteriorating quality of Coal from Coal India Ltd is a cause of concern.

Special efforts were made to contain/reduce the costs wherever possible in order to keep the operations profitable.

OPPORTUNITIES AND THREATS

- 2) a) Opportunities :

The capital required for setting up integrated steel plants is large, the growth in demand of steel during the year was met generally by secondary steel sector or through import of steel.

Although there is slowing down of growth in steel industry, integrated steel plants still fall short in capacity to meet full demand of steel in India. Secondary steel sector will continue to play significant role in steel supply in the country.

The allotment of coal block to the company will in future ensure smooth and consistent supply of coal, both in terms of quantity and quality. In addition, this will enable the company to reduce input cost for sponge iron making.

- b) Threats :

The company does not have its own iron ore mines and shall meet only part of its coal requirement in future from its colliery. The cost of iron ore and coal constitute major cost of production. The profitability of the Company, therefore, depends on market price of these raw materials vis-à-vis price of sponge iron. Despite reduction in price of sponge iron, there is no reduction in the price of the domestic coal due to its high demand from power sector. This has put pressure on the profitability of operations.

The infrastructure such as road condition around the plant has deteriorated over the last four/five years. Poor road condition has led to disproportionate increase in cost of several inputs due to rise in transportation cost. This also prevents the company from dispatching sponge iron and rejected raw materials from the plant by road, affecting revenue.

Poor quality of indigenous coal, high cost of both imported and indigenous coal, dumping of scrap by USA and Europe due to collapse of steel industry there, rise in ship breaking activity due to low shipping rates, deepening recession and shrinking markets, liquidity crunch in financial market etc are some of the significant threats being presently faced by the company.

The Company also recognises global warming and climate change as serious concern. Energy audit, installation of energy saving equipment /devices, measuring of carbon footprint, etc. are some of the steps taken by the Company to address this concern.

SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

- 3) During the year, company was engaged mainly in the manufacture of sponge iron which is the only reportable segment in accordance with the Accounting Standard 17 issued pursuant to the Companies (Accounting Standards), Rules, 2006. The production of sponge iron during the year was 3,42,074 MT compared to 3,32,264 MT in the previous year. The sales during the year totalled to 3,42,920 MT compared to 3,29,002 MT in the previous year.

The company during the year generated 181.01 Million KWH of power and exported 124.82 Million KWH (net) of power as against 165.51 million KWH and 110.45 million KWH respectively in the previous year. This got a revenue of Rs.31.20 crores for the company.

For maintaining consistent quality of iron ore primarily from one single source, the company has in the past leased out mining assets worth Rs.682.29 lakhs to Tata Steel Ltd to operate Khondbond iron ore mines and supply iron ore to the company.

OUTLOOK

- 4) Vision and Mission statements describe the broad outlook of the Company. Options of capacity enhancement for sponge iron production, pelletisation of iron ore, power generation at pit head of coal block etc. are being examined to optimise the revenue in future.

RISKS AND CONCERNS

- 5) Internal Auditor expresses his opinion on the level of risk identified during the audit of particular area which is reported to the Audit Committee through the Internal Audit Reports. These risks are classified as High, Medium and Low. During the year the management has also carried out Risk Analysis relating to Sponge Iron operations and the coal block which is under development.

Wherever possible and necessary, appropriate insurance cover is taken for financial risk mitigation. An economic slowdown can adversely affect the demand-supply equation in the sponge iron industry. The price of sponge iron is sensitive to the demand-supply position of steel scrap in the country and selling prices of long products.

On the financial front, the Company has not borrowed any amount in foreign currency and thus has no exposure to exchange rate fluctuation risk. However, the company has adopted a Foreign Exchange Policy approved by the Board. Credit policy of the company is primarily based on the customer profile. The Management does not perceive any major technological, environmental and/or financial risks for the Company in the near future. However, the recovery of the economy and consequential improvement in the industry might take some time.

The Company has contingent liability as disclosed in Schedule - M of Notes to Balance Sheet and Profit & Loss Account.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

- 6) The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorised, recorded and reported properly, applicable statutes, the Tata Code of Conduct and Corporate policies are duly complied with.

The Company has an Audit Committee with majority of independent directors as members to maintain the objectivity. The Audit Charter is the guiding document in this connection. The Company has an Internal Audit Department which conducts audit in various functional areas as per audit programme approved by the Audit Committee. Audit planning and executions are oriented towards a review of internal controls in the functional areas of the company. The Internal Audit Department reports its findings and observations to the Audit Committee which met four times during the year to review the audit issues and to follow up implementation of corrective actions.

The Audit Committee also seeks the views of statutory auditors on the adequacy of the internal control systems in the Company. The Auditors' report regarding adequacy of internal controls can be seen in Clause No. vi of the Annexure to the Auditors' Report.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

- 7) (a) Financial performance of the Company has been summarised in the table below followed by explanatory remarks for significant changes in 2008-09 compared to previous year.

(Rs. in lacs)

	2008-09	2007-08	Change	% change	Remarks
Total income	62828	48003	14825	31	1
Consumption of raw material	34635	25324	9311	37	2
Employee cost	1993	1612	381	24	3
Other expenses	5732	4667	1065	23	4
Depreciation	1831	1965	(-) 134	(-) 7	5
Interest	464	1203	(-) 739	(-) 61	6
Profit after tax	12067	9553	2514	26	
Earning per share (Rs.)	78	62	16	26	
Reserves & Surplus	33431	22806	10625	47	
Secured loans	11	8440	(-) 8429	(-) 100	6
Current Liabilities & Provisions	5494	9282	(-) 3788	(-) 41	
Fixed Assets (gross)	35915	36892	(-) 977	(-) 3	
Current Assets	20958	20736	222	1	

- (1) Increase in total income is mainly due to higher net realisation per tonne of sponge iron and higher quantity sold during the year as compared to the previous year.
 - (2) Increase in raw material cost is due to increase in prices of raw materials and higher percentage of costly imported coal consumption.
 - (3) Increase in employee cost is due to increments in basic wages and variable pay.
 - (4) Increase in other expenses is on account of increase in repair cost and provision against indirect tax demands.
 - (5) Reduction of depreciation is due to write back of liabilities and availment of Cenvat credit on Power Plant assets (Refer Note - 1 of Schedule D).
 - (6) Term loans have been repaid fully much ahead of the scheduled repayment period resulting in reduction of interest cost.
- 7) (b) Operational performance of the Company has been summarised in the table below followed by explanatory remarks for significant changes in 2008-09 compared to previous year.

	2008-09	2007-08	Change	% change	Remarks
Sponge iron production	Tonnes	Tonnes	Tonnes		
Total production	342074	332264	9810	3	A
Capacity utilisation for all kilns	88%	85%	3%	4	B
Power	Million KWH	Million KWH	Million KWH		
Generation (gross)	181	165	16	9	C
Sale	125	112	13	12	D

A & B - Use of imported coal could give better operating performance and longer campaign days. There was reduction in net shutdown days from the plan, resulting in increase in production and capacity utilisation.

C & D - Higher TG availability combined with higher kiln availability resulted in higher generation and sale of power.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

- 8) The company had 451 employees as on 31st March, 2009 as compared to 460 as on 31st March, 2008. The Company continued its empowerment programme for a section of employees, called e-associate programme, as a major step towards human resource development. The Corporate Balanced Score Card approach was adopted by the company for aligning individual goals with organisational goals.
- Industrial relations remained cordial during the year.

CAUTIONARY STATEMENT

- 9) The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/supply influencing price conditions in the market in which the Company operates, changes in Government regulations, statutes, tax laws, currency rate fluctuations and other incidental factors.

AUDITORS' REPORT

TO THE MEMBERS OF TATA SPONGE IRON LIMITED

1. We have audited the attached balance sheet of Tata Sponge Iron Limited as at 31st March, 2009, the profit and loss account of the company for the year ended on that date and the cash flow statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) 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;
 - (iii) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2009;
 - (b) in the case of the profit and loss account, of the profit of the company for the year ended on that date;
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the directors as on 31st March, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner
Membership No.: 54785

22nd April, 2009
Kolkata

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

The nature of the Company's business/activities during the year ended 31st March, 2009 was such that the paragraphs 4(vi), (xii), (xiii), (xiv), (xv) and (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.

- (i) In respect of its fixed assets:
 - (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the management in accordance with a program of verification, which, in our opinion, provides for physical verification of all the fixed assets at regular intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- (ii) In respect of its inventories:
 - (a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)
 - (a) The company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the company has not granted any loans, secured or unsecured, to parties listed in register maintained under section 301 of the Companies Act, 1956, paragraphs (iii)(b), (c) and (d) of the Order, are not applicable.
 - (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956. As the company has not taken any loans, secured or unsecured, from parties listed in the Register maintained under section 301 of the Companies Act, 1956, paragraphs (iii)(f) and (g) of the Order, are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the items purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control systems commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to in section 301 that need to be entered into the register maintained under the said section have been so entered.
 - (b) In our opinion, having regard to the explanation that some of the items purchased are of special nature and suitable alternate sources do not exist for obtaining comparable quotations, the transactions exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are prima facie reasonable, having regard to the prevailing market prices at the relevant time where such market prices are available.
- (vi) In our opinion, the company has an internal audit system commensurate with the size and the nature of its business.
- (vii) To the best of our knowledge and according to the information given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956 for any product of the company.
- (viii) In respect of statutory dues:
 - (a) According to the information and explanations given to us, the company has been regular in depositing with the appropriate authorities undisputed statutory dues, including provident fund, investor education and protection fund, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and any other statutory dues applicable to it except for sales tax as referred in note 5(b) of Schedule M. We are informed that the provisions of the Employees State Insurance Act, 1948 are not applicable to the company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty

and cess were in arrears as at 31st March, 2009 for a period of more than six months from the date they became payable except for sales tax of Rs. 82.40 lacs which is outstanding for more than six months.

- (c) According to the information and explanations given to us, details of dues of income tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited as at 31st March, 2009 on account of any dispute are given below:

Name of Statute	Nature of dues	Amount (Rs. Lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act 1956	Central Sales Tax	6.74	1987-88,1992-93, 1993-94,1994-95, 1997-98	Orissa Sales Tax Tribunal
		66.71	2005-06	Joint Commissioner of Sales Tax
Orissa Sales Tax Act	Sales Tax	4.85	1987-88,1992-93, 2000-01	Orissa Sales Tax Tribunal
		5.60	1989-90, 1990-91	Commercial Tax Officer
Orissa Entry Tax Act	Entry Tax	102.62	2005-06	Assistant Commissioner of Commercial Taxes
Orissa Value Added Tax Act, 2004	Value Added Tax	7.13	2005-06	Commissioner of Commercial Taxes
Income tax Act, 1961	Income tax	347.68	2005-06	Commissioner of Income tax (Appeals)

- (ix) The company does not have accumulated losses as at 31st March, 2009 and has not incurred cash losses during the financial year covered by our audit or the immediately preceding financial year.
- (x) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were prima facie applied by the company during the year for the purposes for which the loans were obtained other than temporary deployment pending application.
- (xii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, in our opinion, funds raised on short term basis have not been used for long term investment.
- (xiii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xiv) The company has not raised any money by public issue.
- (xv) According to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants

Abhijit Bandyopadhyay
Partner
Membership No.: 54785

22nd April, 2009
Kolkata

BALANCE SHEET

AS AT 31ST MARCH, 2009

	Schedule	31.03.2009 Rs. in lacs	31.03.2009 Rs. in lacs	31.03.2008 Rs. in lacs
SOURCES OF FUNDS				
1. SHAREHOLDERS' FUNDS				
a) Share Capital	A	1,540.00		1,540.00
b) Reserves and Surplus	B	<u>33,431.43</u>		<u>22,806.20</u>
			34,971.43	24,346.20
2. LOAN FUNDS				
a) Secured Loans	C		11.11	8,439.80
3. DEFERRED TAX LIABILITY (NET) (Refer Note 19 of Schedule M)			<u>5,032.69</u>	<u>5,295.56</u>
TOTAL			<u>40,015.23</u>	<u>38,081.56</u>
APPLICATION OF FUNDS				
4. FIXED ASSETS				
a) Gross Block	D	35,914.99		36,892.00
b) Less: Depreciation/Amortisation		<u>13,571.92</u>		<u>11,783.59</u>
c) Net Block		22,343.07		25,108.41
d) Capital Work-in-Progress	E	<u>2,127.73</u>		<u>1,439.17</u>
			24,470.80	26,547.58
5. INVESTMENTS	F		80.00	80.00
6. CURRENT ASSETS, LOANS AND ADVANCES				
a) Inventories	G	5,078.86		4,181.27
b) Sundry Debtors	H	1,991.13		2,119.66
c) Cash and Bank Balances	I	11,460.47		9,721.01
d) Interest accrued		158.29		350.05
e) Loans and Advances	J	<u>2,269.44</u>		<u>4,363.98</u>
		20,958.19		20,735.97
7. LESS: CURRENT LIABILITIES AND PROVISIONS				
a) Current Liabilities	K	2,861.13		7,351.10
b) Provisions	L	<u>2,632.63</u>		<u>1,930.89</u>
		5,493.76		9,281.99
8. NET CURRENT ASSETS			15,464.43	11,453.98
TOTAL			<u>40,015.23</u>	<u>38,081.56</u>
9. NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT	M			

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
Abhijit Bandyopadhyay
Partner
Kolkata, 22nd April 2009

For and on behalf of the Board of Directors

A. D. Baijal
Chairman
D. K. Banerjee
Director
Suresh Thawani
Managing Director
S.S.Dhanjal
Company Secretary
Kolkata, 22nd April 2009

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	2008-09 Rs. in lacs	2008-09 Rs. in lacs	2007-08 Rs. in lacs
INCOME				
1. SALE OF PRODUCTS AND POWER	1		67,606.09	51,584.61
Less : Excise duty			6,792.15	5,919.90
			<u>60,813.94</u>	<u>45,664.71</u>
2. OTHER INCOME	2		2,014.13	2,338.54
			<u>62,828.07</u>	<u>48,003.25</u>
EXPENDITURE				
3. MANUFACTURING AND OTHER EXPENSES	3	42,416.36		31,191.92
4. DEPRECIATION / AMORTISATION		<u>1,831.10</u>		<u>1,964.62</u>
			44,247.46	33,156.54
5. INTEREST	4		463.91	1,203.07
6. TOTAL EXPENDITURE			<u>44,711.37</u>	<u>34,359.61</u>
PROFIT BEFORE TAXES			<u>18,116.70</u>	<u>13,643.64</u>
7. TAXES				
a) Current tax [Includes write back of excess provision for earlier years Rs. 39.54 Lacs (Previous year: Rs. 24.59 Lacs)]			6,285.46	2,234.41
Less : MAT Credit			—	286.72
			<u>6,285.46</u>	<u>1,947.69</u>
b) Deferred tax (Refer Note 19 of Schedule M)			(262.87)	2,112.66
c) Fringe Benefit Tax			<u>27.50</u>	<u>30.70</u>
			6,050.09	4,091.05
PROFIT AFTER TAX			<u>12,066.61</u>	<u>9,552.59</u>
8. BALANCE BROUGHT FORWARD			<u>947.84</u>	<u>456.46</u>
AMOUNT AVAILABLE FOR APPROPRIATION			<u>13,014.45</u>	<u>10,009.05</u>
9. APPROPRIATIONS				
a) Proposed Dividend			1,232.00	1,078.00
b) Tax on Dividend			209.38	183.21
c) General Reserve			<u>10,656.64</u>	<u>7,800.00</u>
			<u>12,098.02</u>	<u>9,061.21</u>
BALANCE CARRIED TO BALANCE SHEET			<u>916.43</u>	<u>947.84</u>
10. EARNINGS PER SHARE (Rupees)(Basic and Diluted) (Refer Note 16 of Schedule M)			<u>78.35</u>	<u>62.03</u>
11. NOTES ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT	M			

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
Abhijit Bandyopadhyay
Partner
Kolkata, 22nd April 2009

For and on behalf of the Board of Directors

A. D. Bajjal
Chairman
D. K. Banerjee
Director
Suresh Thawani
Managing Director
S.S.Dhanjal
Company Secretary
Kolkata, 22nd April 2009

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09 Rs. in lacs	2008-09 Rs. in lacs	2007-08 Rs. in lacs	2007-08 Rs. in lacs
A. Cash Flow from Operating Activities :				
Net Profit before Tax		18,116.70		13,643.64
Adjustments for :				
Depreciation	1,831.10		1,964.62	
Interest expense	463.91		1,203.07	
Wealth tax Provision	4.00		4.00	
Dividend Received	(36.00)		(52.00)	
Loss/(profit) on sale/retirement of assets	(1.96)		(0.06)	
Provision for doubtful debt	—		110.15	
Provision no longer required written back	(8.10)		(450.64)	
Interest income	<u>(1,062.36)</u>		<u>(940.32)</u>	
		<u>1,190.59</u>		<u>1,838.82</u>
Operating Profit before Working Capital Changes		19,307.29		15,482.46
Adjustments for :				
Trade and Other Receivables	2,657.65		(3,393.50)	
Inventories	(897.59)		(2,296.77)	
Trade Payables and Other Liabilities	<u>(3,485.44)</u>		<u>4,551.56</u>	
		<u>(1,725.38)</u>		<u>(1,138.71)</u>
Direct taxes paid		<u>(6,040.41)</u>		<u>(1,912.44)</u>
Cash from Operating Activities ... (A)		<u>11,541.50</u>		<u>12,431.31</u>
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets		(1,145.93)		(3,349.54)
Sale of Fixed Assets		9.47		31.35
Interest received		1,254.12		613.13
Dividend received		<u>36.00</u>		<u>52.00</u>
Net Cash Used in Investing Activities ... (B)		<u>153.66</u>		<u>(2,653.06)</u>
C. Cash Flow from Financing Activities :				
Borrowings		(8,428.69)		(6,244.34)
Dividends paid		(1,063.10)		(607.35)
Interest paid		<u>(463.91)</u>		<u>(1,203.07)</u>
Net Cash from Financing Activities ... (C)		<u>(9,955.70)</u>		<u>(8,054.76)</u>
Net Increase/(Decrease) in Cash and Cash equivalents (A+ B+ C)		1,739.46		1,723.49
Cash and Cash equivalents as at 1st April 2008		<u>9,721.01</u>		<u>7,997.52</u>
Cash and Cash equivalents as at 31st March 2009 ¹		<u>11,460.47</u>		<u>9,721.01</u>

Note: 1. Includes restricted balance Rs.84.56 lacs (31.03.2008 Rs. 69.66 lacs)

2. Figures in brackets represent outflows

As per our report of even date attached

For Deloitte Haskins & Sells

Chartered Accountants

Abhijit Bandyopadhyay

Partner

Kolkata, 22nd April 2009

For and on behalf of the Board of Directors

A. D. Bajjal

Chairman

D. K. Banerjee

Director

Suresh Thawani

Managing Director

S.S.Dhanjal

Company Secretary

Kolkata, 22nd April 2009

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

	2008-09 Rs. in lacs	2007-08 Rs. in lacs	
SCHEDULE 1 : SALE OF PRODUCTS AND POWER			
a) Sale of Products	64,486.49	49,248.93	
b) Sale of Power	3,119.60	2,335.68	
	<u>67,606.09</u>	<u>51,584.61</u>	
SCHEDULE 2 : OTHER INCOME			
a) Interest on deposits with bank and other accounts [Tax deducted at source Rs.162.93 lacs (Previous year : Rs.174.35 lacs)]	1,062.36	940.32	
b) Lease rentals [Tax deducted at source Rs.16.67 lacs (Previous year : Rs.6.94 lacs)]	60.86	60.66	
c) Dividend from longterm Investments	36.00	52.00	
d) Miscellaneous Income [Net of Excise Duty of Rs.4.30 lacs (Previous year : Rs.4.68 lacs)] [Tax deducted at source Rs. 4.73 lacs (Previous year Rs. Nil)]	846.81	834.92	
e) Provision no longer required, written back	8.10	450.64	
	<u>2,014.13</u>	<u>2,338.54</u>	
SCHEDULE 3 : MANUFACTURING AND OTHER EXPENSES			
	2008-09 Rs. in lacs	2008-09 Rs. in lacs	2007-08 Rs. in lacs
a) Raw Materials consumed			
i) Opening stock	2,518.67		779.99
ii) Add: Purchases	35,547.65		27,062.45
	<u>38,066.32</u>		<u>27,842.44</u>
iii) Less: Closing stock	3,431.19		2,518.67
		34,635.13	<u>25,323.77</u>
b) Payments to and Provisions for Employees			
i) Salaries, Wages, Bonus and Leave salary	1,455.75		1,302.82
ii) Company's Contribution to Provident and other Funds	354.05		213.80
iii) Staff Welfare Expenses	<u>182.81</u>		<u>94.90</u>
		1,992.61	<u>1,611.52</u>
c) Operation and other expenses			
i) Consumption of Stores and Spares	155.04		135.97
ii) Power and Fuel	206.97		160.09
iii) Repairs to Buildings	299.66		377.11
iv) Repairs to Machinery	1,782.96		1,163.32
v) Rent	40.63		27.29
vi) Rates and Taxes	5.35		2.88
vii) Insurance (net of recoveries)	32.38		43.45
viii) Packing and Forwarding	729.95		614.41
ix) Bad debts written off	—		110.15
x) Commission and Discount	67.06		67.44
xi) Other Expenses	<u>1,885.26</u>		<u>1,375.48</u>
		5,205.26	4,077.59
d) Excise Duty		(120.58)	121.57
e) Sales Tax		647.77	468.07
f) (Increase)/Decrease in stock of finished goods		56.17	(410.60)
		<u>42,416.36</u>	<u>31,191.92</u>
SCHEDULE 4 : INTEREST			
a) Interest on			
i) Term Loans		393.20	1,134.59
ii) Others		<u>70.71</u>	<u>68.48</u>
		<u>463.91</u>	<u>1,203.07</u>

SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2009 Rs. in lacs	31.03.2009 Rs. in lacs	31.03.2008 Rs. in lacs
SCHEDULE A : SHARE CAPITAL			
Authorised			
25,000,000 (25,000,000 as at 31.03.2008) Equity Shares of Rs 10 each		2,500.00	2,500.00
Issued, Subscribed and paid up			
15,400,000 (15,400,000 as at 31.03.2008) Equity Shares of Rs. 10 each		1,540.00	1,540.00
		<u>1,540.00</u>	<u>1,540.00</u>
SCHEDULE B : RESERVES AND SURPLUS			
a) Capital Reserve			
Central Subsidy		15.00	15.00
b) General Reserve			
As per the last Balance Sheet	21,843.36		13,825.92
Add/(Less): Transfer from Profit & Loss A/c	10,656.64		7,800.00
Adjustment relating to employee benefits at the commencement of the year Rs.Nil (31.03.2008 Net of deferred tax Liability Rs. 110.33 lacs)	<u>—</u>		<u>217.44</u>
		32,500.00	21,843.36
c) Surplus in Profit & Loss Account			
Balance carried forward as per Profit & Loss Account		916.43	947.84
		<u>33,431.43</u>	<u>22,806.20</u>
SCHEDULE C : SECURED LOANS			
a) Long Term Loans			
State Bank of India	—		5,047.31
Canara Bank	<u>—</u>		<u>3,329.05</u>
		—	8,376.36
b) Cash Credits from Banks			
State Bank of India	8.96		—
Canara Bank	<u>2.15</u>		63.44
		11.11	
		<u>11.11</u>	<u>8,439.80</u>

Notes :

- i) The company has repaid fully the long term loans during the year
- ii) Cash Credits from banks are secured by a first charge by way of an hypothecation of stock of raw materials, stock-in-process, finished goods, stores and spares, book debts and other liquid assets of the Company, both present and future and further by a pari-passu second charge on the immovable properties.

SCHEDULES FORMING PART OF BALANCE SHEET

SCHEDULE D : FIXED ASSETS

(Rs. in lacs)

ASSETS	GROSS BLOCK (AT COST)				DEPRECIATION/ AMORTISATION				NET BLOCK	
	As at 01.04.2008	Additions	Deletions (Refer Note 1)	As at 31.03.2009	As at 01.04.2008	For the Year (Refer Note 1 & 2)	On Deletions	As at 31.03.2009	As at 31.03.2009	
TANGIBLE ASSETS										
Freehold Land	30.80	47.32	-	78.12	-	-	-	-	78.12	
	<i>30.80</i>	-	-	<i>30.80</i>	-	-	-	-	<i>30.80</i>	
Leasehold Land	3.02	-	-	3.02	0.80	0.03	-	0.83	2.19	
	<i>3.02</i>	-	-	<i>3.02</i>	<i>0.77</i>	<i>0.03</i>	-	<i>0.80</i>	<i>2.22</i>	
Land Development	39.86	-	-	39.86	10.55	0.44	-	10.99	28.87	
	<i>39.86</i>	-	-	<i>39.86</i>	<i>10.11</i>	<i>0.44</i>	-	<i>10.55</i>	<i>29.31</i>	
Building	3,442.44	13.35	8.33	3,447.46	613.51	80.73	-	694.24	2,753.22	
	<i>3,005.50</i>	<i>436.94</i>	-	<i>3,442.44</i>	<i>534.93</i>	<i>78.58</i>	-	<i>613.51</i>	<i>2,828.93</i>	
Railway Siding	363.86	-	-	363.86	363.86	-	-	363.86	-	
	<i>363.86</i>	-	-	<i>363.86</i>	<i>363.86</i>	-	-	<i>363.86</i>	-	
Plant & Machinery	31,900.55	108.41	1,170.24	30,838.72	10,350.21	1,547.79	7.37	11,890.63	18,948.09	
	<i>31,135.59</i>	<i>788.41</i>	<i>23.45</i>	<i>31,900.55</i>	<i>8,647.93</i>	<i>1,704.51</i>	<i>2.23</i>	<i>10,350.21</i>	<i>21,550.34</i>	
Furniture & Fixtures	205.67	19.26	-	224.93	152.24	18.36	-	170.60	54.33	
	<i>185.78</i>	<i>19.89</i>	-	<i>205.67</i>	<i>137.30</i>	<i>14.94</i>	-	<i>152.24</i>	<i>53.43</i>	
Office Equipment	29.13	6.49	-	35.62	12.05	1.45	-	13.50	22.12	
	<i>29.02</i>	<i>0.11</i>	-	<i>29.13</i>	<i>10.73</i>	<i>1.32</i>	-	<i>12.05</i>	<i>17.08</i>	
Vehicles	242.06	49.05	42.32	248.79	145.96	33.63	35.40	144.19	104.60	
	<i>237.89</i>	<i>18.70</i>	<i>14.53</i>	<i>242.06</i>	<i>120.03</i>	<i>30.39</i>	<i>4.46</i>	<i>145.96</i>	<i>96.10</i>	
Sub Total	36,257.39	243.88	1,220.89	35,280.38	11,649.18	1,682.43	42.77	13,288.84	21,991.54	
	<i>35,031.32</i>	<i>1,264.05</i>	<i>37.98</i>	<i>36,257.39</i>	<i>9,825.66</i>	<i>1,830.21</i>	<i>6.69</i>	<i>11,649.18</i>	<i>24,608.21</i>	
INTANGIBLE ASSETS										
Mining Geological Report	468.90	-	-	468.90	82.22	93.78	-	176.00	292.90	
	-	<i>468.90</i>	-	<i>468.90</i>	-	<i>82.22</i>	-	<i>82.22</i>	<i>386.68</i>	
Software	165.71	-	-	165.71	52.19	54.89	-	107.08	58.63	
	-	<i>165.71</i>	-	<i>165.71</i>	-	<i>52.19</i>	-	<i>52.19</i>	<i>113.52</i>	
Sub Total	634.61	-	-	634.61	134.41	148.67	-	283.08	351.53	
	-	<i>634.61</i>	-	<i>634.61</i>	-	<i>134.41</i>	-	<i>134.41</i>	<i>500.20</i>	
Total	36,892.00	243.88	1,220.89	35,914.99	11,783.59	1,831.10	42.77	13,571.92	22,343.07	
	<i>35,031.32</i>	<i>1,898.66</i>	<i>37.98</i>	<i>36,892.00</i>	<i>9,825.66</i>	<i>1,964.62</i>	<i>6.69</i>	<i>11,783.59</i>	<i>25,108.41</i>	

Notes :

- Deletions for the year includes Rs. 486.21 lacs on account of write back of liabilities and CENVAT credit of Rs. 684.40 lacs availed. The depreciation charge for the year is net of Rs. 121.08 lacs being the corresponding reduction in Accumulated Depreciation as at 31st March 2008 attributable to the above.
- Depreciation on Plant and Machinery for the year includes Rs. 4.12 lacs (Previous year Rs. 94.97 lacs) relating to previous years
- Fixed assets include Plant & Machinery, Vehicle and Office Equipment with an original cost of Rs.682.29 lacs (31.03.2008:Rs. 682.29 lacs) given on lease to Tata Steel Limited.
- Figures in italics are for previous year

SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2009 Rs. in lacs	31.03.2008 Rs. in lacs
SCHEDULE E : CAPITAL WORK-IN-PROGRESS		
a) Work-in-progress (at cost)	2,092.47	1,377.76
b) Advances for Capital Expenditure (Unsecured, considered good)		
i) For purchase of land	18.31	18.31
ii) Others	16.95	43.10
	<u>2,127.73</u>	<u>1,439.17</u>
SCHEDULE F : INVESTMENTS		
a) Long term investments (At Cost less provision for diminution in value)		
Trade Investments (Unquoted)		
800,000 (31.3.2008 : 800,000) equity shares of Rs.10 each in JAMIPOL Ltd., fully Paid-up	80.00	80.00
	<u>80.00</u>	<u>80.00</u>
SCHEDULE G : INVENTORIES		
a) Finished Products (at lower of cost and net realisable value)	673.27	729.44
b) Raw materials (at cost) [Includes goods in transit Rs. Nil (31.03.2008 Rs. 13.17 lacs)]	3,431.19	2,518.67
c) Stores and spares (at cost less provision for obsolescence)	974.40	933.16
	<u>5,078.86</u>	<u>4,181.27</u>
SCHEDULE H : SUNDRY DEBTORS (Unsecured, considered good)		
a) Debtors outstanding for a period exceeding six months	-	-
b) Others [Include the present value of future lease rent receivables in respect of assets given on lease Rs. 3.81 lacs (31.03.2008 Rs. 5.67 lacs)]	1,991.13	2,119.66
	<u>1,991.13</u>	<u>2,119.66</u>
SCHEDULE I : CASH AND BANK BALANCES		
a) Cash in hand	1.06	3.05
b) Balances with scheduled banks		
i) On Current Account	54.78	289.62
ii) On Term Deposit Account	11,320.06	9,358.68
iii) Unclaimed Dividend Account	84.57	69.66
	<u>11,460.47</u>	<u>9,721.01</u>

SCHEDULES FORMING PART OF BALANCE SHEET

	31.03.2009 Rs. in lacs	31.03.2008 Rs. in lacs
SCHEDULE J : LOANS AND ADVANCES		
(Unsecured, considered good)		
a) Advances recoverable in cash or kind for value to be received [Includes balances with Excise authorities Rs. 142.86 lacs (31.03.2008 Rs. 287.51 lacs)]	1,646.87	3,491.59
b) Advance Payment of Taxes [Net of Provision Rs. 417.47 Lacs (31.03.2008 Rs. 417.47 Lacs)]	622.57	872.39
	<u>2,269.44</u>	<u>4,363.98</u>
SCHEDULE K : CURRENT LIABILITIES		
a) Sundry Creditors		
i) total outstanding dues of micro enterprises and small enterprises	-	-
ii) total outstanding dues of creditors other than the micro enterprises and small enterprises [Includes on Capital account Rs. 100.41 lacs (31.03.2008 Rs. 313.44 lacs)]	1,539.70	6,154.54
	<u>1,539.70</u>	<u>6,154.54</u>
b) Advance Payments from Customers	585.79	379.93
c) Liability towards Investors Education and Protection Fund under section 205 C of the Companies Act, 1956 in respect of unclaimed dividend, not due	84.56	69.66
d) Other Liabilities	651.08	746.97
	<u>2,861.13</u>	<u>7,351.10</u>
SCHEDULE L : PROVISIONS		
a) Provision for Taxation [Net of Advance Rs. 8,483.00 Lacs (31.03.2008 Rs. 2,372.68 Lacs)]	889.53	653.50
b) Proposed Dividend	1,232.00	1,078.00
c) For Employees' Post Retirement Benefit schemes	298.27	181.77
d) For Employees' Other Long Term Benefit schemes	36.36	-
e) Other Provisions	176.47	17.62
	<u>2,632.63</u>	<u>1,930.89</u>

NOTES ON BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

SCHEDULE M :

1. Accounting Policies

a) Basis of Accounting

The financial statements are prepared under historical cost convention and on accrual basis and are in compliance with the accounting standards referred to in sub section (3C) of Section 211 and other requirements of the Companies Act, 1956.

The accounts presentation under Indian Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the balance sheet date.

b) Revenue Recognition

i) Sale of goods

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

ii) Sale of power

Revenue from the sale of power is recognised based on bills raised to Power Transmission Company.

iii) Dividend and Interest income

Dividend income is recognised when the company's right to receive dividend is established. Interest income is recognised on accrual basis.

c) Fixed Assets

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

d) Depreciation

Assets given on lease are depreciated on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on the lease period whichever is higher. Freehold land is not depreciated. Premium paid on leasehold land and land development expenses are amortised over the period of lease. Other fixed assets are depreciated on a straight line basis applying the rates specified in Schedule XIV to the Companies Act, 1956 or based on estimated useful life whichever is higher. Intangible assets are amortised over a period of three to five years. The estimated useful life for each category is as under :

i) Buildings	30 to 62 Years
ii) Plant & Machinery	14 to 21 Years
iii) Furniture fixture, Air Conditioners and Office equipment	5 Years
iv) Computers	3 Years
v) Vehicles	5 Years

e) Investments

Long term investments are carried at cost less provision for permanent diminution, if any in value of such investments.

f) Inventories

Raw materials are valued at cost comprising purchase price, freight and handling, non refundable taxes and duties and other directly attributable costs.

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

Stores and spares are valued at cost comprising of purchase price, freight and handling, non refundable taxes and duties and other directly attributable costs.

Value of inventories are generally ascertained on the weighted average basis.

g) Foreign Currency Transactions

Foreign Currency transactions and forward exchange contracts are recorded on initial recognition in the reporting currency i.e. Indian rupees, using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the reporting currency and foreign exchange contracts remaining unsettled are remeasured at the rates of exchange prevailing at the balance sheet date. Exchange difference arising on the settlement of monetary items, and on the remeasurement of monetary items, are included in profit and loss for the year. In case of forward exchange contracts, the difference between the contract rate and the spot rate on the date of transaction is charged to the profit and loss account over the period of the contract

SCHEDULE M (Contd.) :

h) Borrowing Costs

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

i) Employee Benefits

i) Short term benefits

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

ii) Post employment benefits

Defined Contribution plans

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

Defined Benefit Plans

Defined benefit plans are arrangements that provide guaranteed benefits to employees, either by way of contractual obligations or through a collective agreement. This guarantee of benefits represents a future commitment of the Company and, as such, a liability is recognised. The present value of these defined benefit obligations are ascertained by independent actuarial valuation as per the requirement of Accounting Standards 15 - Employee Benefits. The liability recognised in the balance sheet is the present value of the defined benefit obligations on the balance sheet date less the fair value of the plan assets (for funded plans), together with adjustments for unrecognised past service costs. All actuarial gains and losses are recognised in Profit and Loss Account in full in the year in which they occur.

j) Taxes on Income

Current Taxes

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

Deferred Taxes

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

k) Leases

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

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

l) Earnings Per Share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard (AS) 20- Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit after tax attributable to equity share holders by the weighted average numbers of equity shares outstanding during the year. Diluted earnings during the year adjusted for the effects of all dilutive potential equity shares per share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

2. Contingent Liabilities

	31.03.2009 <u>Rs. in lacs</u>	31.03.2008 <u>Rs. in lacs</u>
Contingent Liabilities not provided for		
a) Income tax	87.92	-
b) Bills Discounted	-	568.31
c) Bank Guarantee	5,214.23	4,046.82
d) Letter of credit	57.44	25.00

3. Estimated amounts of contracts remaining to be executed on capital account and not provided : Rs.482.50 lacs (As at 31.3.2008 Rs. 527.51 lacs) [Net of advances Rs.Nil (As at 31.03.2008 Rs. 34.76 lacs)].

4. The Company had been allotted a Coal block along with two other companies in 2006-07. The investment and the operation

SCHEDULE M (Contd.) :

of the mine would be done by the company as the leader of the group. The company has not made any financial commitment till date, except arranging for bank guarantee of Rs 3,250.00 lacs as at 31.03.2009 (As at 31.03.2008 Rs.3,250.00 lacs).

5. Sales Tax

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

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

- b) As per Industry Policy Resolution 1992 of Government of Orissa, the company has to pay a minimum sales tax of Rs. 252.56 lacs before availing exemption from sales tax on incremental sale of Sponge Iron from Kiln 1 and 2. The company was paying the above amount until the rate of sales tax was reduced. With reduction in rate of sales tax, the company contends that the above limit of Rs. 252.56 lacs has to correspondingly reduce and accordingly is making reduced payment. The company however has provided for the unpaid amount of Rs. 145.36 lacs as on 31st March, 2009.
- c) As per certificate no. 6948/Ind dated 26 May, 1999 issued by the Director of Industries, Orissa, the Company is eligible for exemption from payment of sales tax for a period of five years commencing September 7, 1998 on incremental sales tax arising on the sale of products manufactured after installation of the 2nd Kiln subject to a ceiling of 75 percent of additional capital investment in plant and machinery.

The Company's appeal against restriction of the five year ceiling period for sales tax exemption in respect of the expanded capacity has since been decided in favour of the Company by the Supreme Court upholding the judgement of High Court of Orissa . As per the judgement the time period of five years mentioned in the eligibility certificate was ultra vires the Orissa State's Industrial Policy Resolution, 1992 and shall have no effect. Necessary amended 'Eligibility Certificate' is to be issued by the Director of Industries, Orissa on reconsideration of the Company's application for re-evaluation of its investment for expansion and determine afresh the extent to which the Company is entitled to the sales tax incentive.

As the receipt of the revised Eligibility Certificate is procedural and consequential the Company has written back a sum of Rs.450.64 lacs, of sales tax provided up to 31.03.2007 during the previous year.

6. Licensed and Installed Capacities and Production

- a) Licensed capacity is not applicable in terms of Government of India's Notification No. S.O.477(E) dated 25th July, 1991

	2008-09 Tonnes	2007-08 Tonnes
b) Installed Capacity		
i) Sponge Iron (As certified by the Management and relied upon by the Auditors)	390,000	390,000
c) Production	342,074	332,264

7. Turnover, Closing and Opening Stocks

	2008-09		2007-08	
	Quantity (Tonnes)	Amount (Rs. in lacs)	Quantity (Tonnes)	Amount (Rs. in lacs)
a) Turnover				
Sponge Iron	342,920	64,486.49	329,002	49,248.93
b) Closing Stock				
Sponge Iron	5,724	673.27	6,570	729.44
c) Opening Stock				
Sponge Iron	6,570	729.44	3,308	318.85

8. Raw Materials consumed

	2008-09		2007-08	
	Quantity (Tonnes)	Amount (Rs. in lacs)	Quantity (Tonnes)	Amount (Rs. in lacs)
a) Iron Ore	557,458	13,804.64	557,012	10,601.50
b) Coal	458,539	20,727.02	480,868	14,618.86
c) Dolomite	6,812	103.47	7,631	103.41
		<u>34,635.13</u>		<u>25,323.77</u>

SCHEDULE M (Contd.) :

	2008-09		2007-08	
	%	Amount (Rs. in lacs)	%	Amount (Rs. in lacs)
9. Consumption of Imported and Indigenous Materials				
a) Raw Materials consumed				
- Indigenous	72.45%	25,092.40	77.43%	19,608.36
- Imported	27.55%	9,542.73	22.57%	5,715.41
	<u>100.00%</u>	<u>34,635.13</u>	<u>100.00%</u>	<u>25,323.77</u>
b) Stores and Spare parts				
- Indigenous	94.41%	1,106.88	97.46%	712.77
- Imported	5.59%	65.53	2.54%	18.55
	<u>100.00%</u>	<u>1,172.41</u>	<u>100.00%</u>	<u>731.32</u>
Less: Charged to repairs to Building and Plant and Machinery		1,017.37		595.35
		<u>155.04</u>		<u>135.97</u>
10. Value of Imports (C. I.F)		2008-09 Amount (Rs. in lacs)		2007-08 Amount (Rs. in lacs)
a) Raw Materials		8,253.54		1,854.92
b) Components, Stores and Spares		57.24		10.66
c) Capital Goods		-		61.98
11. Expenditure in Foreign Currency				
a) Consultation Fees		-		6.83
b) Others		3.19		50.01
12. Earnings in Foreign Exchange				
a) Others - Sale of Carbon credits		-		824.61
13. The Company has not remitted any amount in foreign currency on account of dividends during current and previous year. The Particulars of dividends paid to the non-resident share holders are as under				
i) Dividend for the year		2007-08		2006-07
ii) Number of non-resident shareholders		181		172
iii) Number of equity shares held by them		99,022		134,117
iv) Gross amount of dividend paid (Rs. in lacs)		6.93		5.36
14. Managerial Remuneration		Amount (Rs. in lacs)		Amount (Rs. in lacs)
a) Remuneration to Whole time Director(s)				
i) Salary		19.20		16.00
ii) Contribution to Provident and Superannuation Funds		3.89		3.24
iii) Commission		28.80		24.00
iv) Value of Perquisites		2.19		1.57
		<u>54.08</u>		<u>44.81</u>
b) Remuneration to Non Executive Directors				
i) Commission		25.00		25.00
		<u>25.00</u>		<u>25.00</u>
Computation of Net Profit in accordance with Section 309(5) of the Companies Act, 1956				
Profit before tax		18,116.70		13,643.64
Add:				
i) Provision for depreciation		1,831.10		1,964.62
ii) Managerial remuneration		79.08		69.81
iii) Provision for Wealth Tax		4.00		4.00
iv) Directors' sitting fees		5.46		5.64
		<u>20,036.34</u>		<u>15,687.71</u>
Less:				
i) Bad debt written off		-		110.15
ii) Depreciation under section 350 of the Companies Act, 1956		1,831.10		1,964.62
Net profit as per Section 309(5) of the Companies Act, 1956		<u>18,205.24</u>		<u>13,612.94</u>
1% of Net profit as per section 309(5) of the Companies Act, 1956		182.05		136.13

SCHEDULE M (Contd.) :

	2008-09 Amount (Rs. in lacs)	2007-08 Amount (Rs. in lacs)
Commission to:		
i) Managing Director	28.80	24.00
ii) Non Executive Directors	25.00	25.00
	<u>53.80</u>	<u>49.00</u>
15. Auditor's Remuneration		
Other expenses includes		
i) Audit Fees	8.40	6.70
ii) Tax Audit Fees	1.00	1.00
iii) Other services	-	4.00
iv) Travelling and out-of-pocket expenses	0.18	0.48
	<u>9.58</u>	<u>12.18</u>
The above figures are exclusive of Service Tax		
16. Earnings per share		
Net Profit for the Period (Rs. in lacs)	12,066.61	9,552.59
Number of equity shares (Face value Rs. 10/- each)	15,400,000	15,400,000
Basic and diluted earnings per share (Rs.)	78.35	62.03

17. Related party transaction

a) List of Related Parties and Relationship

Name of the Related Party

- | | |
|--|--|
| i) Tata Steel Limited | Promoter Company holding more than 20% |
| ii) Key Management Personnel
Mr. Suresh Thawani | Managing Director |

b) Related party transactions

Name of the related party	Nature of transactions	31.03.2009 Amount (Rs. in lacs)	31.03.2008 Amount (Rs. in lacs)
Tata Steel Limited	Purchase of goods	13,340.91	11,286.67
	Services received	28.19	24.68
	Leasing arrangements	73.61	73.37
	Sale of goods	984.12	7,267.04
	Dividend paid	428.40	244.79
	Amounts payable	208.60	505.33
Key Management Personnel	Amounts receivable	6.30	1,028.49
	Remuneration: Mr. Suresh Thawani	54.08	44.81

18. Disclosure in respect of assets given on finance lease

The Company has given Machinery, Equipment and Vehicles on lease to Tata Steel Limited having an aggregate cost of Rs. 11.66 lacs (31.3.2008 Rs. 15.87 lacs). The break up of total minimum lease payments due as at 31st March and their corresponding present value are as follows:

(Rs. in lacs)

Period	31.03.2009		31.03.2008	
	Minimum Lease Receipts	Present Value	Minimum Lease Receipts	Present Value
Not later than one year	4.60	1.65	4.49	1.87
Later than one year but not later than five years	7.06	2.16	11.38	3.80
Later than five years	-	-	-	-
Total	11.66	3.81	15.87	5.67
Un earned finance Income	7.85		10.20	

SCHEDULE M (Contd.) :

19. Deferred Tax Liability

(Rs. in lacs)

	Deferred tax liability/(Asset) as at 01.04.2008	Current period Charge/(Credit)	Deferred tax liability/(Asset) as at 31.03.2009
Deferred Tax Liabilities			
i) Difference between book and tax depreciation	5,473.50	(155.07)	5,318.43
	<u>5,473.50</u>	<u>(155.07)</u>	<u>5,318.43</u>
Deferred Tax Assets			
i) Provision for Leave Salary	(73.99)	(13.93)	(87.92)
ii) Other disallowance under section 43B	(103.95)	(93.87)	(197.82)
	<u>(177.94)</u>	<u>(107.80)</u>	<u>(285.74)</u>
Deferred Tax Liability	<u>5,295.56</u>	<u>(262.87)</u>	<u>5,032.69</u>

20. Employee Benefits

Defined Contribution Plans

	<u>2008-09</u> Amount (Rs. in lacs)	<u>2007-08</u> Amount (Rs. in lacs)
i) Contribution to Provident Fund	94.73	85.75
ii) Contribution to Superannuation Fund	62.52	57.81
	<u>157.25</u>	<u>143.56</u>

Defined Benefits Plans

Other Plans

Details of the Gratuity Leave Salary Benefit are as follows

Description	2008-09		2007-08	
	Gratuity Amount (Rs. in lacs)	Leave Amount (Rs. in lacs)	Gratuity Amount (Rs. in lacs)	Leave Amount (Rs. in lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation as at 01.04.2008	395.43	160.41	312.22	140.11
b. Current service cost	25.96	38.77	57.16	15.22
c. Interest cost	30.88	12.16	28.02	11.19
d. Actuarial (gain)/loss	175.75	19.49	10.68	2.78
e. Benefits paid	(17.52)	(16.71)	(12.65)	(8.89)
f. Obligation as at 31.03.2009	610.50	214.12	395.43	160.41
2. Change in fair value of plan assets				
a. Fair value of plan assets as at 01.04.2008	410.57	261.11	294.63	-
b. Expected return on plan assets	43.20	10.96	27.10	-
c. Actuarial gain/(loss)	(7.40)	6.39	0.69	-
d. Contributions/refunds made by/to the company	121.84	(83.99)	100.80	270.00
e. Benefits paid	(18.89)	(16.71)	(12.65)	(8.89)
f. Fair value of plan assets as at 31.03.2009	549.32	177.76	410.57	261.11
3. Reconciliation of fair value of plan assets and obligations				
a. Fair value of plan assets as at 31.03.2009	549.32	177.76	410.57	261.11
b. Present value of obligation as at 31.03.2009	(610.50)	(214.12)	(395.43)	(160.41)
c. Amount recognised in the balance sheet	(61.18)	(36.36)	15.14	100.70
4. Expenses recognised during the year				
a. Current service cost	25.96	38.77	57.16	15.22
b. Interest cost	30.88	12.16	28.02	11.19
c. Expected return on plan assets	(43.20)	(10.96)	(27.10)	-
d. Actuarial (gains)/loss	183.15	13.10	10.00	2.78
e. Expenses recognised during the year	196.79	53.07	68.08	29.19

SCHEDULE M (Contd.) :

Description	2008-09		2007-08	
	Gratuity Amount (Rs. in lacs)	Leave Amount (Rs. in lacs)	Gratuity Amount (Rs. in lacs)	Leave Amount (Rs. in lacs)
5. Investment details				
a. Others (Funds with Life Insurance Corporation of India)	549.32	177.76	410.57	261.11
6. Assumptions				
a. Discount rate (per annum)	7.75%	7.75%	8.00%	8.00%
b. Estimated rate of return on plan assets (per annum)	8.50%	8.50%	8.00%	9.35%
c. Rate of escalation in salary	8.00%	8.00%	5.00%	5.00%
7. Experience adjustments				
a. Experience adjustments on plan liabilities [loss/(gains)]	12.82	(38.73)	1.41	(1.03)
b. Experience adjustments on plan assets [(loss)/gain]	(7.40)	6.39	0.68	-

Details of the Defined Pension and Post Retirement Medical Benefit (PRMB) are as follows

Description	2008-09		2007-08	
	Pension Amount (Rs.in lacs)	PRMB Amount (Rs.in lacs)	Pension Amount (Rs.in lacs)	PRMB Amount (Rs.in lacs)
1. Reconciliation of opening and closing balances of obligation				
a. Obligation as at 01.04.2008	139.72	42.05	138.74	43.16
b. Current service cost	-	-	13.92	3.54
c. Interest cost	10.57	3.30	10.82	3.52
d. Actuarial (gain)/loss	59.61	(1.59)	(8.70)	(7.15)
e. Benefits paid	(15.06)	(1.51)	(15.06)	(1.02)
f. Obligation as at 31.03.2009	194.84	42.25	139.72	42.05
2. Change in fair value of plan assets				
a. Fair value of plan assets as at 01.04.2008	-	-	-	-
b. Expected return on plan assets	-	-	-	-
c. Actuarial gain/(loss)	-	-	-	-
d. Contributions made by the company	15.06	1.51	15.06	1.02
e. Benefits paid	(15.06)	(1.51)	(15.06)	(1.02)
f. Fair value of plan assets as at 31.03.2009	-	-	-	-
3. Reconciliation of fair value of plan assets and obligations				
a. Fair value of plan assets as at 31.03.2009	-	-	-	-
b. Present value of obligation as at 31.03.2009	(194.84)	(42.25)	(139.72)	(42.05)
c. Amount recognised in the balance sheet	(194.84)	(42.25)	(139.72)	(42.05)
4. Expenses recognised during the year				
a. Current service cost	-	-	13.92	3.54
b. Interest cost	10.57	3.30	10.82	3.52
c. Expected return on plan assets	-	-	-	-
d. Actuarial (gains)/loss	59.61	(1.59)	(8.71)	(7.15)
e. Expenses recognised during the year	70.18	1.71	16.03	(0.09)
5. Investment details				
a. Others (Funds with Life Insurance Corporation of India)	-	-	-	-
6. Assumptions				
a. Discount rate (per annum)	7.75%	7.75%	8.00%	8.25%
b. Estimated rate of return on plan assets (per annum)	NA	NA	NA	NA
c. Rate of escalation in pension	4.00%	NA	NA	NA
d. Medical cost - % of annual entitlement utilised	NA	20.00%	NA	20.00%
7. Experience adjustments				
a. Experience adjustments on plan liabilities (loss/(gains))	1.66	(2.40)	(11.17)	(7.96)
b. Experience adjustments on plan assets ((loss)/gain)	-	-	-	-

21. The Company is engaged in production and sale of Sponge Iron and hence Sponge Iron is the only reportable segment in accordance with Accounting Standard 17 - Segment Reporting.
22. The company had adopted Accounting Standard AS 15 - Employee Benefits effective 1st April, 2006. During the year 2006-07, leave liability was estimated as short term liability at actual cost. Based on the guidelines issued by the Institute of Chartered

SCHEDULE M (Contd.) :

Accountants of India (ICAI), the opening liability was re estimated bifurcating into short term and long term liability. While short term liability was estimated at actual, the valuation for long term liability was made on actuarial basis. Consequently, the excess liability as on 1st April, 2006 of Rs.217.44 lacs (net of deferred tax Rs.110.33 lacs) which had been adjusted with the General Reserve during 2006-07 was reversed and an amount of Rs. 36.86 lacs being the excess amount charged to profit and loss account during 2006-07 was written back to the profit and loss account during 2007-08.

23. Based on and to the extent of information obtained from suppliers regarding their status as Micro, Small or Medium enterprises under Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to them as at the end of the year.
24. Disclosure as required under AS 29.

Provisions for Sales tax and Entry tax 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

Particulars	Entry tax	Sales tax
Carrying amount as at 01.04.2008	Rs. 17.62 lacs	Nil
Provision made during the year	Rs. 102.62 lacs	Rs. 73.85 lacs
Amount used during the year	—	—
Unused amount reversed during the year	Rs. 17.62 lacs	—
Carrying amount as at 31.03.2009	Rs. 102.62 lacs	Rs. 73.85 lacs
Nature of obligation	Demand for Entry tax Coal	Demand for sales tax
Expected timing of resultant outflow	On decision by the competent adjudicating authorities	
Indication of uncertainty about those outflows	The above matters are under dispute with the authorities	
Major assumptions concerning future events	The matter is disputed by the company in the High Court of Orissa. On the grounds of prudence provision is made.	
Amount of any expected reimbursement, i.e., amount of any asset that has been recognised for that expected reimbursement	Nil	

25. Figures for the previous period have been restated/regrouped where necessary to conform with figures for the current year.

For and on behalf of the Board of Directors

A. D. Bajjal
Chairman
D. K. Banerjee
Director
Suresh Thawani
Managing Director
S. S. Dhanjal
Company Secretary
Kolkata, 22nd April 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No.	15-01091 of 1982-83	State Code	15
Balance Sheet Date	31 03 2009		

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Share	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

	Total Liabilities*	Total Assets*
	40,01,523	40,01,523
Sources of Funds	Paid-up Capital	Reserves and Surplus
	154,000	33,43,143
	Secured Loans	Unsecured Loans
	1,111	Nil
Application of Funds	Net Fixed Assets	Investments
	24,47,080	8,000
	Net Current Assets	Misc. Expenditure
	15,46,443	Nil
	Accumulated Losses	
	Nil	

* Includes deferred tax liability of Rs. 5,03,269 thousands

IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

	Turnover (Gross Revenue)*	Total Expenditure
	62,82,807	44,71,137
	* Excluding Excise Duty	
+/-	Profit/(Loss) Before Tax	+/-
+	18,11,670	Profit/(Loss) After Tax
	Earning per Share in Rs.	Dividend Rate %
	78.35	80

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF COMPANY

The Company produces only one product

Item Code No. (ITC Code)	72031000
Product Description	SPONGE IRON

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR 2008-09

(As required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Tata Sponge Iron Limited (TSIL) is committed to good corporate governance in order to enhance shareholders' value and promote national interest.

In order to achieve the objectives of good corporate governance, TSIL follows the principles of transparency, disclosure, fairness, independent supervision, healthy competition, provision of equal opportunity in employment, political non-alignment, promotion of health, safety and welfare, production of quality products and services, compliance with all relevant laws, rules and regulations, improvement in quality of life and meeting social responsibility.

It is expected that good corporate governance by TSIL would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society, in TSIL.

2. BOARD OF DIRECTORS

The Company has a Non-Executive Chairman who is also a nominee of promoter company. One-half of the Board of Directors of the company comprises of independent Directors. The number of Non-Executive Directors (NEDs) is more than 50% of the total number of Directors.

None of the Directors on the Board is a Member of more than 10 committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the companies in which he is a Director. The necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below in Table - 1:

As on 31st March, 2009

Sl. No.	Name of the Director	Status	Category	Attendance at Board meetings	Attendance at the last AGM held on 14th July, 2008	No. of Directorship in other public companies		No. of committee positions held in other public companies***	
						Chairman	Member	Chairman	Member
1	2	3	4	5	6	7	8	9	10
1.	Mr. A.D. Baijal	Chairman	Promoter's (Tata Steel Ltd.) nominee, Non-executive & Not Independent	4	P	-	-	-	-
2.	Mr. N. P. Sinha		Non-executive & Independent	5	P	1	3	1	1
3.	Mr. P. K. Lahiri		Non-executive & Independent	5	P	-	3	-	2
4.	Mr. D. K. Banerjee		Non-executive & Independent	5	P	1	7	2	5
5.	Mr. S. K. Pattnaik		Non-executive & Not Independent	5	P	-	2	-	-
6.	Mr. K. K. Verughese		Non-executive & Not Independent	5	P	-	-	-	-
7.	Mr. P. C. Parakh		Non-executive & Independent	5	P	-	-	-	-
8.	Mr. Arun Misra		Non-executive & Not Independent	4	P	-	-	-	-
9.	Mr. S. P. Mehrotra*		Non-executive & Independent	2	NP	-	1	-	-
10.	Mr. Suresh Thawani	Managing Director	Executive & Not Independent	5	P	-	-	-	-
1.	Dr. Amit Chatterjee**		Non-executive & Not Independent	1	NA	NA	NA	NA	NA
2.	Mr. Sudhir Deoras***		Non-executive & Not Independent	1	NP	NA	NA	NA	NA

'P' = 'Present'

'NP' = Not Present

NA = Not applicable

* Appointed as additional director w.e.f. 8-8-2008

** Retired by rotation at the 25th AGM held on 14-7-2008 and did not seek reappointment.

*** Resigned from the Board w.e.f. 15-7-2008.

**** Represents Chairmanships/Memberships of Audit Committee and Shareholders' Grievance Committee.

No of Board Meetings held during the year	= 5
Dates on which held	= 29-04-2008, 14-07-2008, 21-10-2008, 13-11-2008 & 22-01-2009

- The information as required under Annexure-IA to Clause-49 is being made available periodically to the Board.
- Details of Directors seeking appointment/re-appointment in Twenty-sixth Annual General Meeting are given with the Notice to the Annual General Meeting.
- Directors of the company do not have any inter-se relationship.

The Board periodically reviews compliance reports of laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

The company has adopted the Tata Code of Conduct for Executive Directors, Senior Management Personnel and other executives of the company. The company has received confirmations from Executive Director (i.e. the Managing Director) as well as the senior management personnel regarding compliance of the Code during the year under review. The company has also adopted the Code of Conduct for the Non-Executive Directors of the company. The company has received confirmations from the Non-Executive Directors regarding compliance of the Code for the period ended 31st March, 2009. Both the Codes are posted on the website of the Company i.e. www.tatasponge.com.

3. AUDIT COMMITTEE

The Company had constituted an Audit Committee in the year 1987. The broad terms of reference of the Audit Committee were (i) to review reports of the Internal Audit Department and discuss the same with the internal auditors periodically; (ii) to meet Statutory Auditors to discuss their findings, suggestions and other related matters; (iii) to review compliance with system and discuss related observations reported by Internal and Statutory Auditors, etc. The scope of the activities of the Audit Committee has been enlarged to include the areas prescribed by Clause 49(II)(D) by the Board of Directors at its meeting held on 27th March, 2001 to inter-alia (a) to review the quarterly, half yearly and annual financial results of the Company before submission to the Board and (b) recommending the appointment of Statutory Auditors and finalisation of their remuneration. At the same meeting the Audit Committee has been granted powers as prescribed under Clause 49 (II) (C).

The company has complied with the requirements of Clause 49 II (A) as regards composition of the Audit Committee.

The chairman of the Audit Committee, Mr.P.K. Lahiri, was present at the Twenty-fifth Annual General Meeting held on 14th July, 2008.

The composition of the Audit Committee is in line with the requirements of Clause 49 of the Listing Agreement and the details of meetings attended by the Directors are given below in Table - 2.

Table - 2

As on 31st March, 2009

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1.	Mr. P. K. Lahiri	Chairman	Non-executive & Independent	4
2.	Mr. D. K. Banerjee	Member	Non-executive & Independent	4
3.	Mr. N. P. Sinha	Member	Non-executive & Independent	4
4.	Mr. K. K. Verugheese	Member	Non-executive & Not Independent	4
1.	Dr. Amit Chatterjee*	Member	Non-executive & Not Independent	1

* Retired by rotation at the 25th AGM held on 14-7-2008 and did not seek reappointment.

No. of Audit Committee meetings held during the year	= 4
Dates on which held	= 29-04-2008, 13-07-2008, 20-10-2008 & 22-01-2009

Audit Committee meetings are attended by the General Manager (Finance & Accounts) and the Internal Auditor. The Statutory Auditors are invited to each meeting and the Managing Director/other persons are invited to the meetings as and when required. The Company Secretary acts as the Secretary of the Audit Committee.

The necessary quorum was present at the meetings.

4. SUBSIDIARY COMPANIES

The company does not have any subsidiary company.

5. REMUNERATION COMMITTEE

The Board of Directors of the company had constituted a Remuneration Committee in 1994. The broad terms of reference of the Remuneration Committee are to recommend to the Board, salary (including annual increments) perquisites and commission to be paid to the company's Managing/Whole-time Directors (MD/WTDs) and to finalise the perquisites package within the overall ceiling fixed by the Board, to recommend to the Board appointment/re-appointment of Managing/Whole-time Director, retirement benefits to be paid to the MD/WTDs under the Retirement Benefit Guidelines adopted by the Board.

The composition of the Remuneration Committee and the details of meetings attended by the Directors are given below in Table - 3.

Table - 3 As on 31st March, 2009

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1.	Mr. P. K. Lahiri	Chairman	Non-executive & Independent	1
2.	Mr. N. P. Sinha	Member	Non-executive & Independent	1
3.	Mr. A. D. Bajjal	Member	Non-executive & Not Independent	1

No. of Remuneration Committee meetings held during the year	= 1
Date on which held	= 29-04-2008

To the extent stated above the company has complied with the non-mandatory requirements of Clause 49 regarding the Remuneration Committee.

Remuneration policy

(a) For Non-Executive Directors

The Non-Executive Directors (NEDs) are paid remuneration by way of sitting fees as per Article 104 of the Articles of Association of the company and Commission.

The Company pays sitting fees of Rs.8,000 per meeting to NEDs for attending the meetings of Board, Audit Committee and Remuneration Committee. For other Committee meetings, the Company pays to the NEDs sitting fees of Rs.5,000 per meeting.

The Commission is payable at a rate not exceeding 1% per annum of the profits of the company (computed in accordance with Section 309(5) of the Companies Act, 1956). The distribution of Commission amongst the NEDs is placed before the Board. The Commission is distributed broadly on the basis of Board meetings and various Committee meetings attended by the NEDs. Extra weightage is given to the Commission payable to Chairman of Board/Committee meetings, keeping in view the greater contribution being made by him at every Board/Committee meeting chaired by him.

(b) For Managing Director (MD) / Whole-time Director (WTD)

The company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to MD/WTD. Salary is paid within the range approved by the Shareholders. Annual increment effective from 1st April each year, as recommended by the Remuneration Committee, is approved by the Board. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Within the prescribed ceiling, the perquisite package is recommended by the Remuneration Committee. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings stipulated in Sections 198 and 309 of the Companies Act, 1956. Specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the company for the year.

Details of remuneration to all the directors

Table - 4 :

NON-WHOLE-TIME DIRECTORS Remuneration paid during 2008-2009
(Rupees in lacs)

Sl. No.	Name of the Director	Sitting fees(Gross)	Perquisites & Allowances	Commission (Gross)*	Total (Gross)
1	Mr. N. P. Sinha	1.05	Nil	3.82	4.87
2	Mr. P. K. Lahiri	0.80	Nil	5.21	6.01
3	Mr. A. D. Bajjal	0.40	Nil	3.13	3.53
4	Mr. D. K. Banerjee	0.87	Nil	3.13	4.00
5	Mr. S. K. Pattnaik	0.50	Nil	1.74	2.24
6	Mr. K. K. Varughese	0.72	Nil	3.13	3.85
7	Mr. P. C. Parakh	0.40	Nil	1.74	2.14
8	Mr. Arun Misra	0.32	Nil	1.39	1.71
9	Mr. S. P. Mehrotra**	0.16	Nil	0.69	0.85
	Dr. Amit Chatterjee***	0.16	Nil	0.69	0.85
	Mr. Sudhir Deoras****	0.08	Nil	0.35	0.43

WHOLE-TIME DIRECTOR(S)

		Salary	Perquisites & Allowances	Commission(Gross)	Total (Gross)
10	Mr. Suresh Thawani	23.09	2.19	28.80	54.08

* Payable after shareholders' approval at the 26th Annual General Meeting during 2009-10

** Appointed as Additional Director w.e.f. 8-8-2008.

*** Retired by rotation at the 25th AGM held on 14-7-2008 and did not seek reappointment.

**** Resigned from the Board w.e.f. 15-7-2008.

Note: The Company has not yet introduced the Employees' Stock Option Scheme.

SERVICE CONTRACT/NOTICE PERIOD/SEVERANCE FEES:

- 1) Mr. Suresh Thawani : 10th March, 2007 to 9th March, 2010 or attaining the age of 60 years, whichever is earlier.
 As Managing Director The agreement may be terminated by either party giving the other party six months' notice or the Company paying six months' salary in lieu thereof. There is no separate provision for payment of severance fees.

Shareholding of the Directors in the Company as on 31st March, 2009

Table - 5

Sl. No.	Name of the Directors	No of Equity Shares of Rs 10/- each held singly and/or jointly.
1	Mr. N.P. Sinha	1000
2	Mr. P.K. Lahiri	Nil
3	Mr. A. D. Bajjal	Nil
4	Mr. S.P. Mehrotra	Nil
5	Mr. D. K. Banerjee	Nil
6	Mr. S. K. Pattnaik	Nil
7	Mr. K. K. Varughese	Nil
8	Mr. P. C. Parakh	Nil
9	Mr. Arun Misra	Nil
10	Mr. Suresh Thawani	Nil
	Total	1000
	Dr. Amit Chatterjee*	Nil
	Mr. Sudhir Deoras**	250

* Retired by rotation at the 25th AGM held on 14-7-2008 and did not seek reappointment.

** Resigned from the Board w.e.f. 15-7-2008. The shares were held by his spouse

6. SHAREHOLDERS' GRIEVANCE COMMITTEE

The Board of Directors of the Company at its meeting held on 18th January, 2002, had constituted a Shareholders' Grievance Committee for redressal of Shareholders' grievances like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

The composition of the Shareholders' Grievance Committee and the details of meetings attended by the Directors are given below in Table - 6.

Table - 6

As on 31st March, 2009

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1.	Mr. N.P. Sinha	Chairman	Non-executive & Independent	3
2.	Mr. D. K. Banerjee	Member	Non-executive & independent	3

No. of Shareholders' Grievance Committee meetings held during the year	= 3
Date on which held	= 03-10-2008, 21-1-2009 & 23-3-2009

Name, designation and address of Compliance officer : Mr. S. S. Dhanjal
 Company Secretary
 P.O. - Joda, Dist- Keonjhar
 Orissa-758034
 Phone: (06767) - 284236
 Fax : (06767) - 278159
 - 278129
 E-mail : ssdhanjal@tatasponge.com

No. of complaints pending as on 1st April, 2008	:	Nil
No. of complaints identified and reported under Clause 41 of the Listing Agreement during the year 2008-09	:	15
No. of Complaints disposed of during the year ended 31st March, 2009	:	14
No. not solved to the satisfaction of shareholders as on 31.3.2009	:	01
No. of pending share transfers as on 31.3.2009	:	01

*Transfers lodged on or after 17th March, 2009 and pending as on 31.3.2009 for want of succession certificate of the sole deceased holder.

Note:

The correspondence identified as investor complaints are letters received through Statutory/Regulatory bodies and those related to Court/Consumer forum matters, alleged fraudulent encashment and alleged non-receipt of dividend amounts where reconciliation of the payment is in progress/completed after end of the quarter.

7. ETHICS AND COMPLIANCE COMMITTEE

In accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended (the Regulations), the Board of Directors of the company adopted the Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices (the Code) to be followed by Directors, Officers and other Employees. The Code is based on the principle that Directors and Employees of the company owe a fiduciary duty to, among others, the shareholders of the company to place the interest of the shareholders above their own and conduct their personal securities transactions in a manner that does not create any conflict of interest situation. The Code also seeks to ensure timely and adequate disclosure of Price Sensitive Information to the investor community by the company to enable them to take informed investment decisions with regard to the company's securities. The Committee met twice during the year. The General Manager (Finance & Accounts) is the Compliance Officer under the above-mentioned Code.

The composition of the Ethics and Compliance Committee and the details of meetings attended by the Directors are given below in Table - 7.

Table - 7

As on 31st March, 2009

Sl. No.	Name of the Director	Status	Category	No. of meetings attended
1.	Mr. N.P. Sinha	Chairman	Non-executive & Independent	2
2	Mr. S. K. Pattnaik	Member	Non-executive & Not-Independent	2

No. of Ethics and Compliance Committee meetings held during the year	= 2
Date on which held	= 21-10-2008 & 24-3-2009

8. GENERAL BODY MEETINGS

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

Table - 8

Year	Location	Date	Time
2005-2006	'Lake View' (Officers' Recreation Centre of Tata Sponge Iron Ltd) at TSIL Township, Joda	08-08-2006	03-00 p.m.
2006-2007	'Lake View' (Officers' Recreation Centre of Tata Sponge Iron Ltd) at TSIL Township, Joda	25-06-2007	04-00 p.m.
2007-2008	'Lake View' (Officers' Recreation Centre of Tata Sponge Iron Ltd) at TSIL Township, Joda	14-07-2008	11.00 a.m.

- b) No Extra-Ordinary General Meeting of the shareholders was held during the year.
- c) No Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General meeting need to be passed by Postal Ballot.
- d) Special Resolutions passed in previous three Annual General Meetings :
- At the Annual General Meeting held on 14th July, 2008, Special Resolution was passed unanimously for payment of commission to Non-Executive Directors.
- At the Annual General Meeting held on 25th June, 2007, no Special Resolution was passed.
- At the Annual General Meeting held on 8th August, 2006, no Special Resolution was passed.

9. DISCLOSURES

(A) Disclosure by key managerial personnel about related party transactions

The Board has received disclosures from key managerial personnel relating to financial and commercial transactions where they and/or their relatives have personal interest. There are no materially significant related party transactions, which have potential conflict with the interest of the company at large. The related party transactions have been disclosed in point no. 17 of Schedule - M to the notes on Balance Sheet and Profit and Loss Account for the year ended 31st March, 2009.

(B) Disclosure of Accounting Treatment

The applicable Accounting Standards as issued by the Institute of Chartered Accountants of India have been followed in preparation of the financial statements of the company.

(C) Board Disclosures – Risk Management

The procedures for risk assessment and minimisation has been disclosed in point no. 5 of the Management Discussion & Analysis report forming part of the Directors' Report.

(D) Proceeds from public issues, rights issues, preferential issues etc.

The company has not made any capital issues during the financial year.

(E) Matters related to Capital Markets

The company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years. No penalties or strictures have been imposed on the company by any Stock Exchange or SEBI or any statutory authority, on any matter relating to capital markets, during the last three years.

(F) Whistle Blower Policy

The Company has a Whistle Blower Policy that provides a formal mechanism for all employees of the Company to approach the Ethics Counsellor/Chairman of the Audit Committee of the Company and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. The Whistle Blower Policy is an extension of the Tata Code of Conduct, which requires every employee of the company to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the company. The disclosures reported are addressed in the manner and within the time frames prescribed in the policy. Under the policy, each employee has an assured access to the Ethics Counsellor/Chairman of the Audit Committee.

(G) Management Discussion & Analysis Report

The Management Discussion & Analysis Report is a part of the Annual Report.

(H) Compliance with Non-mandatory Requirements

The Company has fulfilled the following non-mandatory requirements as prescribed in Annexure ID to Clause 49 of the Listing Agreement with the Stock Exchanges:

- (a) The Company has a Remuneration Committee (Please refer to Para 5 above for details).
- (b) The Company has adopted a Whistle Blower Policy (Please refer to Para 9 (F) above for details).
- (c) The Company already has a regime of unqualified financial statements. Auditors have raised no qualification on the financial statements for the year 2008-09.

10. CEO/CFO CERTIFICATION

The Managing Director and General Manager (Finance & Accounts) of the Company have given a certificate to the Board of Directors as prescribed under Clause 49(V) of the Listing Agreement(s) for the year ending 31st March, 2009.

11. SECRETARIAL AUDIT

A qualified practicing Company Secretary carried out secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held in electronic mode with NSDL and CDSL.

12. MEANS OF COMMUNICATION

(i) Quarterly Results –

The quarterly and annual financial results are normally published in Business Standard (All editions) and the 'Sambad' (Oriya daily) and also posted on the website of the Company (www.tatasponge.com).

(ii) Presentation to Institutional Investors or to analysts –

Official news releases and presentations made to the Institutional Investors and analysts are posted on the Company's website. During the financial year 2008-09, press interviews were not made. However, important news is displayed on the website of the Company.

(iii) Company's Corporate Website –

The Company's website (www.tatasponge.com) is a comprehensive reference on the company's management, vision, mission, policies, corporate governance, corporate social responsibility, investor relations, operations, financials, news, etc.

13. GENERAL SHAREHOLDER INFORMATION

- 13.1 26th Annual General Meeting
 Day/Date : Saturday, the 1st August, 2009
 Time : 4-00 p.m.
 Venue : 'Lake View' (Officers' Recreation Centre), TSIL Township, Joda, Dist - Keonjhar, Orissa, Pin code - 758 034.
- 13.2 Financial calendar for 2009-10
 a) Board Meetings for consideration of financial results
 i) July, 2009 for consideration of audited financial results for 3 months ending 30th June, 2009.
 ii) October, 2009 for consideration of audited financial results for 3 months/half year ending 30th September, 2009.
 iii) January, 2010 for consideration of audited financial results for 3 months/9 months ending 31st December, 2009.
 iv) April/May 2010 for consideration of audited financial results for 2009-10.
 b) 27th Annual General Meeting (for the year ending 31-3-2010) Between June - September, 2010
- 13.3 Date of Book closure From 16-07-2009 to 22-07-2009, both days inclusive.
- 13.4 Dividend payment date The dividend warrants will be posted on or after 5th August, 2009.
- 13.5 Listing on Stock Exchanges
 1) Bombay Stock Exchange Ltd.
 Phiroze Jeejeebhoy Towers, Dalal Street
 Mumbai - 400 001.
 2) National Stock Exchange of India Ltd.
 Exchange Plaza (5th Floor), Plot No. C/1, G. Block
 Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051.
 [Listed w.e.f. 24-02-2003]
- 13.6 Stock Code- Equity Share
 ISIN CODE INE 674A01014 (Electronic form)
 BSE CODE 13010 (Physical form)
 513010 (Demat form)
 NSE SCRIP CODE TATASPONGE
- 13.7 Correspondence Address P.O. Joda - 758 034, Dist - Keonjhar, Orissa
 Phone - 06767-284236, Fax - 06767-278159/278129
 E-mail : info@tatasponge.com
- 13.8 Exclusive e-mail ID for redressal of investors' complaints. investorcell@tatasponge.com

Note : Pursuant to the Special Resolution passed by the Shareholders at their 21st Annual General Meeting held on 26th July, 2004, the Company had made application for voluntary de-listing of its 1,54,00,000 equity shares from Ahmedabad, Delhi, Calcutta and Bhubaneswar Stock Exchanges. Whereas the Ahmedabad, the Delhi and the Bhubaneswar Stock Exchanges had communicated the de-listing effective 15-10-2004, 11-12-2004 and 28-09-2006 respectively, the Calcutta Stock Exchange Association Limited conveyed the delisting vide its letter dated 24-4-2008.

13.9 Market price data: Monthly High/Low during 2008-2009 :

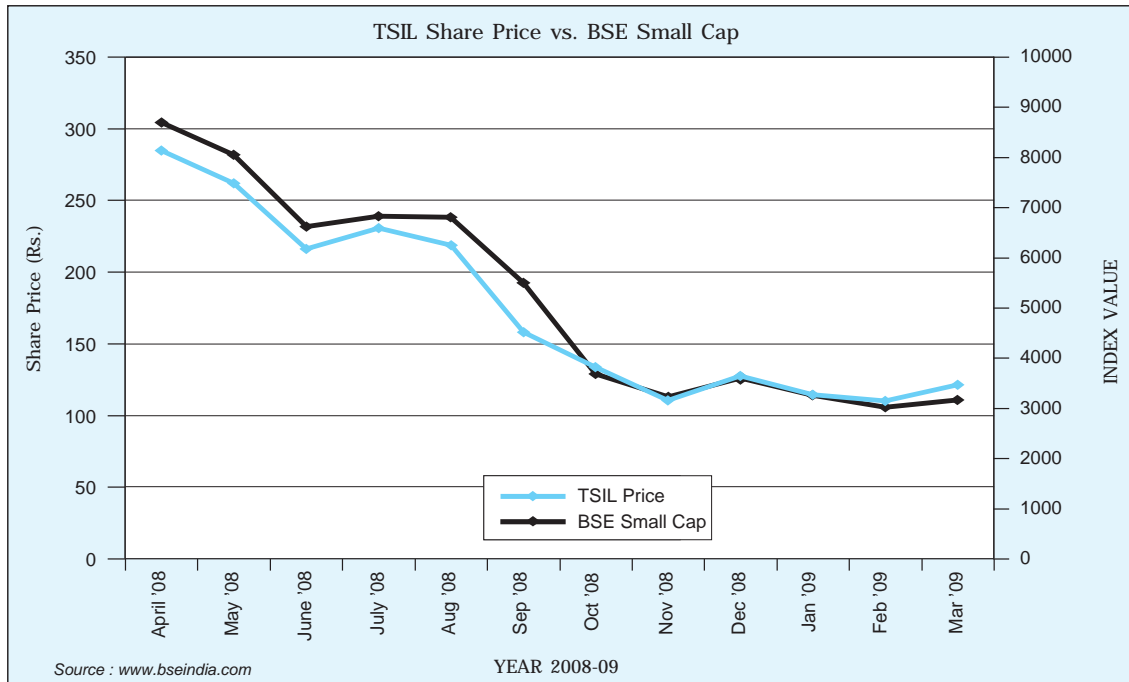
Table - 9

Months	Bombay Stock Exchange Ltd.		National Stock Exchange of India Ltd.	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
	Monthly			
April, 2008	309.40	240.00	309.90	237.15
May, 2008	298.90	260.00	299.00	260.00
June, 2008	266.40	215.00	269.95	218.00
July, 2008	238.00	190.10	237.00	180.05
August, 2008	245.00	214.00	258.25	211.00
September, 2008	222.70	151.00	223.00	150.00
October, 2008	173.65	117.25	179.95	101.95
November, 2008	156.00	110.40	151.90	96.70
December, 2008	152.30	110.00	151.90	98.00
January, 2009	148.40	113.10	147.90	112.05
February, 2009	124.90	109.00	122.90	104.25
March, 2009	120.20	108.10	131.00	106.00

13.10 Stock performance

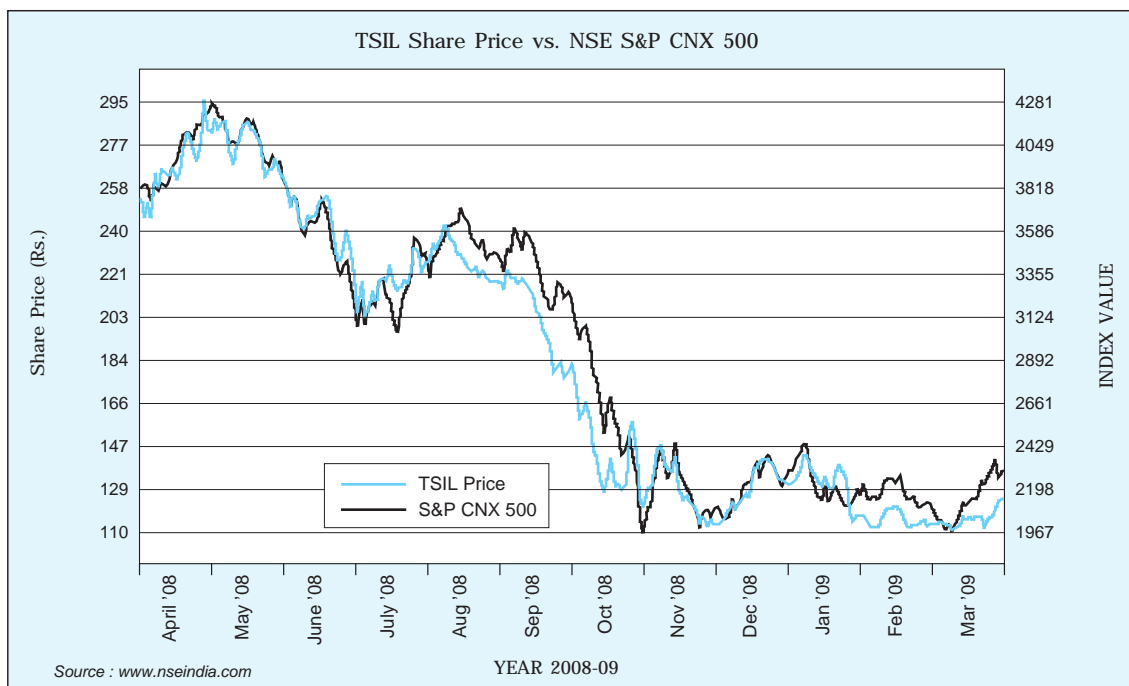
TSIL vs. BSE

Table - 10



TSIL vs. NSE

Table - 11



13.11 Share Registrars & Transfer Agents :

REGISTERED OFFICE :

M/s. TSR Darashaw Limited
(formerly Tata Share Registry Limited)
6-10, Haji Moosa Patrawala Industrial Estate
20, Dr. E. Moses Road
Mahalaxmi, Mumbai – 400 011.

Phone : 022 - 66568484
Fax : 022 - 66568494/66568496
Website : www.tsrdarashaw.com
e-mail : csg_unit@tsrdarashaw.com

BRANCH OFFICES :

For the convenience of shareholders based in the following cities, transfer documents and letters will also be accepted at the following branches/agencies of TSR Darashaw Limited :

- 1) Bangalore
M/s. TSR Darashaw Limited
(formerly Tata Share Registry Limited)
503, Barton Centre (5th Floor), 84, Mahatma Gandhi Road
Bangalore – 560 001.
Phone : 080 - 25320321
Fax : 080 - 25580019
e-mail : tsrlbang@tsrdarashaw.com
- 2) Jamshedpur
M/s. TSR Darashaw Limited
(formerly Tata Share Registry Limited)
Bungalow No.1, 'E' Road, Northern Town, Bistupur
Jamshedpur – 831 001.
Phone : 0657 - 2426616
Fax : 0657 - 2426937
e-mail : tsrljsr@tsrdarashaw.com
- 3) Kolkata
M/s. TSR Darashaw Limited
(formerly Tata Share Registry Limited)
Tata Centre, 1st Floor, 43, Jawaharlal Nehru Road
Kolkata – 700 071.
Phone : 033 - 22883087
Fax : 033 - 22883062
e-mail : tsrlcal@tsrdarashaw.com
- 4) New Delhi
M/s. TSR Darashaw Limited
(formerly Tata Share Registry Limited)
Plot No. 2/42, Sant Vihar, Ansari Road, Daryaganj
New Delhi – 110 002.
Phone : 011 - 23271805
Fax : 011 - 23271802
e-mail : tsrlidel@tsrdarashaw.com
- 5) Ahmedabad
M/s. Shah Consultancy Services Pvt. Ltd.
Agents : TSR Darashaw Limited, Sumatinath Complex
Pritamnagar, 2nd Dhal, Ellisbridge, Ahmedabad - 380 006
Telefax : 079 - 26576038
e-mail : shahconsultancy@hotmail.com

Note : Name of the Registrars & Share Transfer Agents has been changed from M/s.Tata Share Registry Limited to M/s.TSR Darashaw Limited w.e.f. 12-01-2006.

13.12 Share Transfer System:

The Company has retained M/s. TSR Darashaw Limited (formerly Tata Share Registry Ltd.) of Mumbai to carry out the transfer related activities. Authorised personnel are approving the transfer on periodical basis. All valid transfers are affected within stipulated days. Share certificates received at Registered Office are also sent to Registrars and Share Transfer Agents for doing the needful. In case of electronic transfers, the byelaws of depositories are complied with.

13.13 Distribution of shareholding as on 31-03-2006

Table - 12

Shareholding of nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to total	Rs.	% to total
(1)	(2)	(3)	(4)	(5)	(6)
1	- 100	1558	5.41	97760	0.06
101	- 500	9580	33.26	4222740	2.74
501	- 1,000	7774	26.99	7590190	4.93
1,001	- 5,000	8242	28.62	20345490	13.21
5,001	- 10,000	878	3.05	7144240	4.64
10,001	- 20,000	379	1.32	5858620	3.80
20,001	- 30,000	135	0.47	3403240	2.21
30,001	- 40,000	58	0.20	2017110	1.31
40,001	- 50,000	54	0.19	2545130	1.65
50,001	- 1,00,000	71	0.25	5131110	3.33
1,00,001	and above	69	0.24	95644370	62.12
Total		28798	100.00	154000000	100.00

13.14 Categories of shareholders as on 31-03-2009 :

Table - 13

Sl. No.	Category	No. of shares held	Percentage of shareholding
1.	Promoters		
	(i) Tata Steel Limited (formerly known as The Tata Iron & Steel Company Ltd.)	6119960	39.74
	(ii) Tata Investment Corporation Limited	4500	0.03
	(iii) Kalimati Investment Company Limited	539554	3.50
2.	Mutual Funds and UTI	3700	0.02
3.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	623371	4.05
4.	Private Corporate Bodies	1350608	8.77
5.	Indian Public	6616876	42.97
6.	NRIs/OCBs/FIIs	140211	0.91
7.	Any other -	-	-
	Directors & Relatives	1000	0.01
	Trusts	220	-
	TOTAL	15400000	100.00

13.15 Top ten shareholders across all categories as on 31st March, 2009 :

Table - 14

Sl. No.	Name of the Shareholder	No. of shares held	% of holding
1.	Tata Steel Limited	6119960	39.74
2.	Kalimati Investment Company Limited	539554	3.50
3.	LIC of India - Market Plus	402208	2.61
4.	Raghu Trading and Investment Company Pvt. Ltd.	275522	1.79
5.	General Insurance Corporation of India	214563	1.39
6.	Aditya Jajodia	162000	1.05
7.	Jai Balaji Jyoti Steels Limited	150000	0.97
8.	Madhukar Sheth	127000	0.82
9.	Madhukar C. Sheth	115000	0.75
10.	Prem Chand Jain	75330	0.49

13.16 Dematerialisation of SHARES:

As per SEBI's direction the Company had signed tripartite agreements with both the Depositories (NSDL & CDSL) and Registrars and Transfer Agents in March, 2000. Accordingly, dematerialisation facility for the shares of the Company is available and it is in the interest of all the shareholders to convert their physical holdings into electronic holdings by dematerialisation.

As on 31st March, 2009, 14203714 shares were held in dematerialised form which constitute approx. 92.23 % of total number of subscribed shares.

13.17 Liquidity

Since Company's shares are listed (as on 31-3-2009) on Bombay Stock Exchange Limited and National Stock Exchange of India Limited and are compulsorily traded in dematerialised form, these shares enjoy enough liquidity in the market.

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

13.19 Plant Location:

REGISTERED OFFICE & PLANT :

P.O. Joda - 758 034, Dist - Keonjhar, Orissa.

Phone - 06767-284236, Fax - 06767-278159/278129, E-Mail : info@tatasponge.com

Website: www.tatasponge.com

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 22nd April, 2009

Suresh Thawani
Managing Director

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the members of Tata Sponge Iron Limited

- (1) We have examined the compliance of conditions of corporate governance by Tata Sponge Iron Limited for the year ended March 31st, 2009 as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with Stock Exchange(s).
- (2) The compliance of conditions of corporate governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Corporate Governance Certificate issued by the Institute of Company Secretaries of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- (3) In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).
- (4) We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Kolkata
Date: 22.04.2009

(S. M. GUPTA)
S. M. GUPTA & CO.
Company Secretaries
Membership No. : FCS - 896
C. P. Number : 2053

FINANCIAL STATISTICS

CAPITAL ACCOUNT (Rupees in Lac)									
Year	Share Capital	Reserves and Surplus	Loss Carried forward	Shareholders' Funds	Borrowings	Total Funds	Gross Block	Depreciation	
1986	1198.22	15.00	753.79	459.43	2629.89	3089.32	3322.37	193.24	
1987	1198.37	15.00	1579.12	(365.75)	3398.41	3032.66	3318.48	465.63	
1988-89	1198.99	15.00	2243.62	(1029.63)	3826.18	2796.55	3422.14	852.88	
1989-90	1199.70	15.00	1891.69	(676.99)	4161.54	3484.55	3433.48	1161.30	
1990-91	1199.82	15.00	1944.77	(729.95)	4178.87	3448.92	4128.69	1463.22	
1991-92	1199.87	15.00	844.60	370.27	3561.76	3932.03	4220.67	1865.59	
1992-93	1200.00	15.00	150.58	1064.42	2760.67	3825.09	4363.58	2274.52	
1993-94	1200.00	1007.65	—	2207.65	2406.08	4613.73	4477.72	2501.12	
1994-95	1540.00	1079.34	—	2619.34	2187.83	4807.17	4724.14	2755.94	
1995-96	1540.00	1718.43	—	3258.43	1156.23	4414.65	4847.86	3006.15	
1996-97	1540.00	2208.23	—	3748.23	1189.58	4937.81	5040.62	3248.80	
1997-98	1540.00	2568.37	—	4108.37	5725.72	9834.09	5537.35	3398.26	
1998-99	1540.00	2919.02	—	4459.02	6258.73	10717.75	12990.69	3811.75	
1999-00	1540.00	3514.16	—	5054.16	4586.46	9640.62	13204.40	4368.10	
2000-01	1540.00	4027.38	—	5567.38	3969.87	9537.25	13346.33	4980.80	
2001-02	1540.00	2911.82	—	4451.82	4902.82	9354.64	15900.48	5643.14	
2002-03	1540.00	4229.77	—	5769.77	2044.01	7813.78	15962.03	6436.76	
2003-04	1540.00	6796.92	—	8336.92	81.27	8418.19	15986.54	7068.19	
2004-05	1540.00	11657.15	—	13197.15	68.82	13265.97	16241.14	7774.24	
2005-06	1540.00	13168.72	—	14708.72	7066.99	21775.71	23095.83	8526.57	
2006-07	1540.00	14297.38	—	15837.38	14684.14	30521.52	35031.33	9825.67	
2007-08	1540.00	22806.20	—	24346.20	8439.80	32786.00	36892.00	11783.59	
2008-09	1540.00	33431.43	—	34971.43	11.11	34982.54	35914.99	13571.92	

CAPITAL ACCOUNT (Contd.) (Rupees in Lac)									
Year	Net Block	Capital Work-in-Progress	Investment	Current Assets	Current Liabilities & Provisions	Net Current Assets	Deferred Revenue Expenditure	Percentage of Shareholders' Funds to Total Funds	Percentage of Borrowings to Total Funds
1986	3129.13	45.50	—	375.61	535.97	(160.36)	75.05	14.87	85.13
1987	2852.85	108.59	—	327.47	324.13	3.34	67.88	(12.06)	112.06
1988-89	2569.26	30.61	—	537.58	395.42	142.16	54.52	(36.82)	136.82
1989-90	2272.18	446.03	—	1036.23	313.72	722.51	43.83	(19.43)	119.43
1990-91	2665.47	31.13	—	1204.12	484.94	719.18	33.14	(21.16)	121.16
1991-92	2355.08	85.37	—	2129.73	661.70	1468.03	23.55	9.42	90.58
1992-93	2089.06	80.89	—	2449.06	811.19	1637.87	17.27	27.83	72.17
1993-94	1976.60	62.03	—	3487.61	923.50	2564.11	10.99	47.85	52.15
1994-95	1968.20	223.82	—	3602.35	991.90	2610.45	4.71	54.49	45.51
1995-96	1841.71	584.54	—	3553.58	1565.17	1988.41	—	73.81	26.19
1996-97	1791.82	2195.34	40.00	2322.90	1412.24	910.66	—	75.91	24.09
1997-98	2139.09	7094.68	80.00	2518.60	1998.28	520.32	—	41.78	58.22
1998-99	9178.94	118.51	80.00	3111.12	1770.82	1340.30	—	41.60	58.40
1999-00	8836.30	50.28	80.00	1923.68	1249.64	674.04	—	52.43	47.57
2000-01	8365.53	681.72	80.00	1853.45	1443.45	410.00	—	58.37	41.63
2001-02	10257.34	7.88	80.00	2174.29	1379.52	794.77	—	47.59	52.41
2002-03	9525.27	21.79	80.00	2383.50	1891.94	491.56	—	73.84	26.16
2003-04	8918.35	438.07	80.00	5278.77	4021.18	1257.59	—	99.03	0.97
2004-05	8466.90	3182.75	80.00	7985.44	4397.78	3587.66	—	99.48	0.52
2005-06	14569.26	9269.36	80.00	4977.14	4768.36	208.78	—	67.55	32.45
2006-07	25205.66	1328.70	80.00	13920.83	6941.10	6979.73	—	51.89	48.11
2007-08	25108.41	1439.17	80.00	20735.97	9281.99	11453.98	—	74.26	25.74
2008-09	22343.07	2127.73	80.00	20958.19	5493.76	15464.43	—	99.97	0.03

REVENUE ACCOUNT (Rupees in Lac)												
Year	Production in MT	Sales	Income from other Sources	Expenses	Depreciation	Profit before Tax	Tax	Profit after Tax	Dividend	Percentage of Profit after Tax to Sales	Percentage of Profit after Tax to Total Funds	EPS (Rs.)
1986	10,878	198.79	2.09	761.43	193.24	(753.79)	—	(753.79)	—	(379.19)	(24.40)	—
1987	11,496	500.28	1.63	1054.78	272.46	(825.33)	—	(825.33)	—	(164.97)	(27.21)	—
1988-89	68,937	784.69	32.33	1074.26	387.26	(664.50)	—	(664.50)	—	(86.90)	(23.76)	—
1989-90	64,154	1463.10	62.76	864.22	309.71	351.93	—	351.93	—	24.05	10.10	2.93
1990-91	58,676	1524.88	42.28	1281.26	338.98	(53.08)	—	(53.08)	—	(4.61)	(1.54)	—
1991-92	85,359	4194.48	126.70	2810.95	410.06	1100.17	—	1100.17	—	26.23	27.98	9.17
1992-93	96,002	4515.39	116.62	3528.37	409.61	694.03	—	694.03	—	15.37	18.14	5.78
1993-94	1,07,598	5592.85	200.62	4121.88	228.36	1443.23	—	1443.23	300.00	25.80	31.28	12.03
1994-95	1,07,178	5387.76	300.80	4898.96	254.82	534.78	170.00	364.78	293.10	6.77	7.59	2.37
1995-96	1,06,003	6461.05	433.15	4973.52	250.59	1670.09	646.00	1024.09	385.00	15.85	23.20	6.65
1996-97	1,16,020	6936.62	232.06	5599.05	245.91	1323.72	529.00	794.72	304.92	11.46	16.09	5.16
1997-98	1,01,451	5987.08	232.70	5324.41	151.81	743.56	78.50	665.06	304.92	11.11	6.76	4.32
1998-99	1,75,384	9457.73	352.34	8806.19	420.78	583.10	61.50	521.60	170.94	5.52	4.87	3.39
1999-00	2,10,729	12365.30	428.36	11044.22	590.03	1159.41	222.40	937.01	341.88	7.58	9.72	6.08
2000-01	2,13,036	13133.24	481.23	12035.92	615.91	962.64	110.00	852.64	339.42	6.49	8.94	5.54
2001-02	2,28,346	14272.52	477.32	12982.37	739.24	1028.23	387.31	640.92	308.00	4.49	6.85	4.16
2002-03	2,36,432	14208.22	636.97	11486.39	797.66	2561.14	1839.14	462.00	11.15	23.54	11.94	—
2003-04	2,16,137	17485.17	819.15	12291.46	706.07	5306.79	1870.98	3435.81	770.00	19.65	40.81	22.31
2004-05	2,23,686	24050.17	945.34	14769.98	716.76	9508.77	3419.35	6089.42	1078.00	25.32	45.90	39.54
2005-06	2,05,552	19303.76	1133.95	16246.46	756.78	3425.64	1211.68	2213.96	616.00	11.47	10.17	14.38
2006-07	2,82,274	27,750.81	1937.93	24503.12	1349.19	3294.19	1170.76	2123.43	616.00	7.65	6.96	13.79
2007-08	3,32,264	43,329.03	4674.22	33156.54	1964.62	13643.64	4091.05	9552.59	1078.00	22.05	29.14	62.03
2008-09	3,42,074	60,813.94	2014.13	42416.36	1831.10	18116.70	6050.09	12066.61	1232.00	19.84	34.49	78.35

Notes:

- The Company started commercial production from April 1986.
- Figures for 1988-89 represent '15 month period' from January, 1988 to March, 1989.
- The second kiln started commercial production from September, 1998.
- Tax includes Deferred Tax w.e.f. 2001-02.
- The third kiln started commercial production from March, 2006.
- Sales include sale of surplus power net of Excise Duty w.e.f. 2008-09.

ORGANISATION CULTURE

- 1 Welfare of employees & surrounding community
- 1 Honesty in dealings
- 1 Environment friendly operations
- 1 Adaptability to changing scenario &
- 1 Trust in all its transactions

VALUES

Trust and respect	Team work based on trust, respect and dignity for all
Social equality	No discrimination based on gender, cast, creed or religion. Tata Sponge is an equal opportunity employer
Integrity	Integrity in all transactions without fear or fervor
Loyalty	Organisation well being before self.

QUALITY POLICY

Tata Sponge Iron Limited is committed to comply with the requirements of the Quality Management System and to achieve continual improvement in its operations through it for the production and marketing of sponge iron and power.

In order to attain this, the company shall strive to achieve its quality objectives through annual business plans and review the quality policy periodically to ensure its continuing suitability to company operations.

ENVIRONMENTAL POLICY

Tata Sponge Iron Limited is committed to continual improvement in its environmental performance activities pertaining to the handling of raw materials, production and dispatch of sponge iron; and generation and evacuation of power; so as to maintain a pollution free, clean and safe environment.

To achieve this, the company shall :

- 1 Comply with applicable legal and other requirements relating to its environmental aspects;
- 1 Identify the impact of its activities upon the environment;
- 1 Prepare and implement an annual environmental improvement plan with targets to meet the objectives and to carry out periodical reviews of its performance; and
- 1 Communicate the policy to all persons working for or on behalf of the organization and make it available to public on request.

OCCUPATIONAL HEALTH & SAFETY POLICY

Tata Sponge Iron Limited is committed to provide a safe workplace to all persons working under its control by taking steps to prevent injury and reduce risk of occupational ill health.

The Company shall continually strive to improve its Occupational Health & Safety performance by setting & pursuing relevant objectives and meeting all legal & other requirements in the area of production and marketing of sponge iron & power.

The Company shall achieve these through awareness, training and effective communication among all interested parties.

The Company shall review this policy at periodic intervals.

CSR POLICY

Tata Sponge recognizes the fact that the long-term future of the company is best served by addressing the interests of all its stakeholders in a balanced manner.

As a responsible corporate citizen, Tata Sponge will consistently strive for opportunities to meet the expectations of its stakeholders by pursuing the concept of sustainable development, with particular emphasis on environment care & periphery development and in the course, promote national interest.

AFFIRMATIVE ACTION POLICY

Tata Sponge Iron Limited believes in social equity.

The company adheres to the principle of equal opportunity, irrespective of caste, whether in recruitment or career advancement within the organization.

The company is also committed to directly conducting or supporting initiatives to ensure an equal footing for socially and economically disadvantaged sections in the country at large, and specifically the scheduled caste and scheduled tribe communities.

TATA SPONGE IRON LIMITED
P.O. JODA, Dist. Keonjhar, Orissa 758034
www.tatasponge.com