



TATA SPONGE IRON LIMITED

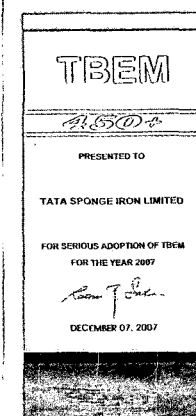
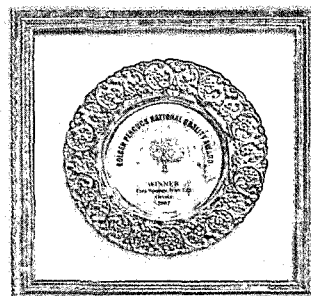


Silver Goes Gold

25th Annual Report 2007-08

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Shining moments



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The Twentyfifth Annual General Meeting of Tata Sponge Iron Ltd. will be held at 'Lake View' (Officers' Recreation Centre), TSIL Township, Joda, Dist – Keonjhar, Orissa – 758 034 on Monday, the 14th July, 2008, at 11.00 am.

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.



Performance Highlights 2007-2008

Financial

Turnover	Rs.49,249 lac
Profit Before Tax	Rs.13,644 lac
Profit After Tax	Rs.9,553 lac
Dividend	70%
Return on Capital Employed	29.14%
Earning per Share	Rs. 62.03

Operational

Installed Capacity

Sponge Iron	390000 MT
Power	26 MW

TATA SPONGE IRON LIMITED
Twentyfifth Annual Report

Chairman's Statement

"I think all companies need to keep looking at their business definition and, possibly from time to time, to see if that definition needs to be redefined." — Ratan Tata

Dear Shareholder

The year 2007-08 was the silver jubilee year of your company and it was only befitting that your company achieved the highest-ever profits during the year. The year witnessed a continuing strong demand and prices for your Company's products. On behalf of your Company and the Board of Directors, I express my sincere thanks to the past chairman Mr. B. Muthuraman whose leadership and vision has led your Company to embark on this new path of growth with a greater focus on the steel industry.

The allotment of the Radhikapur (East) Coal block and the many other initiatives which the executive team launched, further demonstrated the strength and depth of Company's managerial capability to deliver value to shareholders.

The fiscal was a good year for the Indian sponge iron industry backed by 12% growth in secondary steel sector (the key customers for the industry). The sponge iron industry grew by 23% and within this overall growth, the coal-based sponge iron capacity grew by 28%.

Although the market remained exuberant, external events like the escalation of raw material prices pose a challenge. For coal, your company largely depends on the domestic collieries and was hurt due to poor quality. Domestic coal with high ash content and lower fixed carbon adversely impacted productivity of the kilns. Therefore, the company imported low ash coal from Indonesia/South Africa to blend it along with the domestic coal to improve the productivity. Further, bad condition of roads surrounding the plant makes mobility difficult, specially transportation of incoming iron ore by road. This also leads to increase in road freight adversely impacting profitability.

The Company's EBITDA during 2007-08 was a record Rs.168 crores, i.e 179% above 2006-07. Net Profit were Rs.95.5 crores compared with Rs.21.2 crores in previous year. Your company's sponge iron capacity utilisation was higher by 13% and despatches registered a growth of 17%. The power plants generated a net surplus of 110.78 million units, the sale of which significantly contributed to the revenues.

The company is examining various backward and forward integration plans, which include setting up additional kilns for sponge iron production, establishing a facility to pelletise iron ore fines, setting up additional power plants to generate power from waste heat and coal fines and steel making etc. As a result, the Board, keeping in view funds required to develop the coal block and other capital schemes, have recommended a dividend of 70% for the financial year 2007-08.

The development of the Radhikapur (East) Coal block, was fully consistent with our long term strategy. Preliminary activities like obtaining mining lease, approval of the mining plan, environmental clearance, land acquisition and infrastructure development are at various stages of progress. We remain focused on creating value for shareholders. While the allotment of the Radhikapur Coal Block enables us to capture value from growing Sponge Iron demand, the Company will have to vigorously pursue the allotment of an iron ore lease which will not only enable the Company to ensure raw material security but will also lend a platform for launching a sustainable growth plan towards integrating the company with the steel industry.

On a more fundamental level, with the Indian economy bullish on growth, corporations, central and state governments as well as non-governmental agencies need to develop a long-term vision to conserve our natural resources.

There is a need for the Company to gear up to seize the opportunities presented by the industry today by strengthening its knowledge pool. The Company will therefore require to put in place a dynamic Human Resource Development Plan which will enable us to develop our human resources by proper trainings and also enable retention of valuable talent.

Your company continues its march towards business excellence by adopting the reputed Tata Business Excellence Model and made a notable improvement in this direction. During the year, your company has won several recognitions, which are described in the Directors' Report.

A successful business is one that is sustainable. It is one that maintains long term profitability by pursuing value creating projects which adequately address the social and environmental issues. We will have to ensure that our operations achieve a level of reliability and repeatability, which shall not only ensure that the performance improvement is maintained year on year, it would also serve as the launching pad for the ambitious growth plans.

Over the past 25 years, the greatest strength of your company has always been its stakeholders — the shareholders, customers, vendors, the immediate community, government agencies, and the bankers. I thank all of them for their unstinted support and co-operation.

Kolkata
29th April, 2008

A.D. Baijal
Chairman



BOARD OF DIRECTORS

[As on 29th April, 2008]

Mr. A.D. Baijal (Chairman)
Mr. N.P. Sinha
Mr. P.K. Lahiri
Mr. Dipak Kumar Banerjee
Mr. P.C. Parakh
Dr. Amit Chatterjee
Mr. Sudhir Deoras
Mr. K.K. Varughese
Mr. Sanjay Kumar Pattnaik
Mr. Arun Misra
Mr. Suresh Thawani (Managing Director)

MANAGEMENT TEAM

[As on 29th April, 2008]

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

Bankers

State Bank of India
Canara Bank

Auditors

M/s. S.B. Billimoria & Co.
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

TATA SPONGE IRON LIMITED

Twentyfifth Annual Report

Notice

THE TWENTY-FIFTH 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 Monday, the 14th July, 2008, at 11-00 a.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, 2008 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.D.K. Banerjee, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr.K.K. Varughese, who retires by rotation and is eligible for re-appointment.

SPECIAL BUSINESS

5. Appointment of Auditors

To consider and, if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution :

"RESOLVED that subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs Deloitte, Haskins & Sells be and are hereby appointed as Auditors of the Company

to hold office from the conclusion of this meeting upto the conclusion of the next Annual General Meeting of the Company in place of the retiring auditors Messrs S.B. Billimoria & Co., Chartered Accountants, to examine and audit the accounts of the Company for the financial year 2008-09."

"RESOLVED FURTHER that the Auditors be paid for the financial year 2008-09 such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors, plus reimbursement of service tax, out of pocket, travelling and living expenses."

6. To consider and if thought fit to pass, with or without modification, the following resolution as Ordinary Resolution :

"RESOLVED that Dr.Amit Chatterjee, a Director liable to retire by rotation, who does not seek re-election, is not therefore re-appointed as Director of the company."

7. To consider and if thought fit to pass, with or without modification, the following Resolution as Ordinary Resolution :

"RESOLVED that Mr.Arun Misra be and is hereby appointed a Director of the Company."

8. Commission to Directors other than Managing and Wholtime Directors :

To consider and, if thought fit, to pass, with or without modification, the following Resolution as Special Resolution :

TATA SPONGE IRON LIMITED

Errata

It has been noticed that certain typographical errors have crept into the figures appearing in the Annexure to Directors' Report of the Annual Report 2007-08 which are corrected as follows :

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	Existing			Corrected		
A) (1) (b) (ii) Through Steam Turbine Generator						
	2007-2008		2006-2007	2007-2008		2006-2007
	Unit KWH	Amount Rupees	Amount Rupees	Unit KWH	Amount Rupees	Amount Rupees
Unit / Amount (Consumption) #	58285722	57273518	54341011	51168953	49971129	54206133
	#Consumption includes 20726312 KWH consumed in generating power plant, but excludes 111807800 KWH sold and 2288578 KWH consumed in the township.			#Consumption includes 20726312 KWH consumed in generating power plant, but excludes 111807800 KWH sold and 2293547 KWH consumed in the township.		

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A) (3) (b) Consumption per unit of production				
	2007-2008		2006-2007	
	Unit (Ltr.)	Unit (Ltr.)	Unit (Ltr.)	Unit (Ltr.)
Electricity (KWH)	113.04	106.96	92.66	110.36



"RESOLVED that pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Sections 198, 349 and 350 of the Act, be paid to and distributed amongst the Directors of the Company or some or any of them (other than the Managing Director and the whole-time Directors) in such amounts or proportions and in such manner and in all respects as may be directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each year of the period of five years commencing 1st April, 2007."

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, 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-fifth Annual General Meeting."

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 1st July, 2008 to 8th July, 2008, 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 30th June, 2008. The payment will be made on or after 18th July, 2008.

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 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 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06 & 2006-07 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.

TATA SPONGE IRON LIMITED

Twentyfifth Annual Report

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

S.S. Dhanjal
Company Secretary

Kolkata
29th April, 2008

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. 5 to 9 of the accompanying Notice dated 29th April, 2008.

Item No. 5

Presently the Company's Accounts are being audited by Messrs S.B. Billimoria & Co. They are part of Messrs

Deloitte Haskins & Sells, Mumbai in India. Messrs S.B. Billimoria & Co. have informed the Company that they do not wish to seek re-appointment as statutory auditors of the Company for the financial year 2008-09 at the forthcoming Annual General Meeting.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Act, signifying his intention to propose the appointment of Messrs Deloitte Haskins & Sells as the Auditors of the

Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting. Messrs Deloitte Haskins & Sells have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Act.

The Members' approval is being sought to the appointment of Messrs Deloitte Haskins & Sells as the Statutory Auditors and to authorise the Board of Directors, on the recommendation of the Audit Committee, to determine the remuneration payable to the Auditors.

The Board commends acceptance of the resolution set out in Item No.5 of the convening Notice.

None of the directors of the company is concerned or interested in the resolution at item No. 5 of the Notice.

Item No. 6

Dr.Amit Chatterjee, 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 Dr.Amit Chatterjee.

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

None of the Directors other than Dr.Amit Chatterjee is concerned or interested in the resolution at Item No. 6 of the Notice.

Item No. 7

The Board of Directors of the Company at its meeting held on 16th October, 2007 appointed Mr.Arun Misra as Additional Director of the Company w.e.f. 16th October, 2007 pursuant to Article 109 of the Articles of Association of the Company. Mr.Misra will hold office as Director up

to the date of the Twenty-fifth 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.Arun Misra as a Director on the Board of Directors of the Company at the 25th 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.Arun Misra is concerned or interested in the resolution at Item No. 7 of the Notice.

Item No. 8

Since the Company's operations have expanded significantly over the years and the responsibilities of non-executive directors have increased manifold in the past few years due to change in the external and internal, statutory and operational environment, the shareholders at their meeting held on 28th July, 2003 have authorised the Board of Directors by passing a Special Resolution to remunerate the non-executive directors out of the profits of the company for each year for a period of five years commencing 1st April, 2002. The said period of five years has ended on 31st March, 2007. Therefore, the Board of Directors in its meeting held on 29th April, 2008, decided that, subject to approval of the shareholders, in terms of Section 309 (4) of the Companies Act, 1956, the Non-executive Directors be paid for each of the five financial years of the Company commencing from 1st April, 2007, remuneration not exceeding 1% per annum of the net profits of the company computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Non-executive Directors in accordance with the directions given by the Board.

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